



April 3, 2007

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## ENGROSSED SENATE BILL No. 500

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DIGEST OF SB 500 (Updated March 28, 2007 4:33 pm - DI 92)

**Citations Affected:** IC 5-1; IC 5-13; IC 5-20; IC 5-22; IC 5-28; IC 6-1.1; IC 6-2.3; IC 6-2.5; IC 6-3; IC 6-4.1; IC 6-5.5; IC 6-6; IC 6-7; IC 6-8; IC 6-8.1; IC 6-9; IC 32-34; IC 36-2; IC 36-7; noncode.

**Synopsis:** Various economic matters. Provides various revenue sources to the affordable housing and community development fund, to local affordable housing funds, and to the Marion County housing trust fund. Makes numerous changes concerning enterprise zones. Makes changes to the definitions of: (1) new manufacturing equipment; (2) new research and development equipment; and (3) new information technology equipment; for purposes of obtaining a property tax deduction for rehabilitation or redevelopment of real property in economic revitalization areas. Specifies that a person contracted to discover omitted or undervalued property may review only the three assessment years ending before January 1 of the year in which a taxpayer receives notice of the person's actions under the contract. Specifies the priority of payments from a special nonreverting fund created for the deposit of taxes resulting from additional assessments on undervalued or omitted property. Restricts a sales tax exemption available under current law for an electric utility that purchases  
(Continued next page)

**Effective:** Upon passage; January 1, 2007 (retroactive); March 1, 2007 (retroactive); July 1, 2007; December 16, 2007; January 1, 2008.

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### Kenley, Dillon

(HOUSE SPONSORS — KUZMAN, ESPICH, CRAWFORD, TURNER)

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January 18, 2007, read first time and referred to Committee on Tax and Fiscal Policy.  
January 29, 2007, amended, reported favorably — Do Pass.  
February 19, 2007, read second time, amended, ordered engrossed. Engrossed.  
February 20, 2007, read third time, passed. Yeas 39, nays 8.

#### HOUSE ACTION

March 13, 2007, read first time and referred to Committee on Ways and Means.  
April 2, 2007, amended, reported — Do Pass.

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distribution equipment or transmission equipment. Restricts a sales tax exemption available under current law for a hotel or a restaurant that purchases electricity, water, gas, or steam. Provides for a graduated sales and use tax collection allowance for a retail merchant. Amends the definition of affiliated group and amends the calculation of the bad debt deduction allowed for sales tax remittances. Specifies conditions under which a professional tax return preparer must file client returns electronically. Requires corporations to add back dividends paid to shareholders of a captive real estate investment trust. Decreases various periodic tax liability thresholds at which taxpayers are required to make tax payments by electronic fund transfer from \$10,000 to \$5,000. Provides that a tax payment made by electronic fund transfer is considered made on the date the taxpayer issues the payment order for the electronic fund transfer. Provides for the accrual of interest at the rate of 6% per annum on inheritance tax refunds that are not processed within 90 days by the department of state revenue. Increases the cigarette stamp discount to distributors from 1.2% to 2%. Provides that when a taxpayer claiming a refund requests a hearing on the claim, the department of state revenue must be hold the requested hearing. Provides that an account owner of a college choice 529 education savings plan must repay a portion of a tax credit if any non-qualified withdrawal is made from the plan. Includes as non-qualified withdrawals any withdrawals made from an account that is terminated within 12 months after the account is opened, rollovers to another qualified tuition program under Section 529 of the Internal Revenue Code that is not a college choice 529 education savings plan account, and other withdrawals that do not meet the requirements of a qualified withdrawal. Provides a limited use tax exemption for an aircraft that is titled or registered in another state or country and is temporarily brought to Indiana to be repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation. Expands the limited sales tax exemption under current law for a transaction involving an aircraft to include transactions in which the aircraft that is purchased by a nonresident remains in Indiana for up to 30 days after the aircraft is repaired, refurbished, or remanufactured. Expands the exemption from the aircraft registration requirements under the aircraft license excise tax statute for a nonresident who bases an aircraft with a dealer while the aircraft is being repaired, remodeled, or refurbished to include aircraft that are based with a person that has been issued a repair station certificate by the Federal Aviation Administration. Provides that a retail merchant may verify that the sale of property used or consumed in providing public transportation is exempt from sales tax by obtaining certain information from the purchaser. Allows a retail merchant that sold property to a person that used or consumed the property in providing public transportation to verify that the sale was exempt from sales tax by using the information contained in form ST-135 for the transaction. Allows a corporation to use its annualized income to calculate the amount of its estimated adjusted gross income tax payments. Specifies that the rate of interest paid by the department of state revenue on excess tax payments must be the same as the rate of interest paid by a taxpayer for failing to pay the full amount of tax by the due date for a tax return. Exempts a certain professional football game and related events from taxation. Reallocates Lake County innkeeper's tax revenue to include two additional towns. Repeals a provision of the sales tax statute that requires certain out-of-state merchants making sales to customers in Indiana to register as retail merchants and remit sales and use tax.

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April 3, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 500

A BILL FOR AN ACT to amend the Indiana Code concerning economic matters.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 5-1-14-15 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2007]: **Sec. 15. (a) The fiscal body of a county may adopt an**  
4 **ordinance to require:**

5 (1) any political subdivision in the county that is identified in  
6 the ordinance; or

7 (2) any entity:

8 (A) affiliated with; or

9 (B) controlled by;

10 any political subdivision that is identified in the ordinance and  
11 issues the types of obligations that are identified in the  
12 ordinance;

13 to recover, after the effective date of the ordinance, on the  
14 obligation issued by the political subdivision or entity an amount  
15 that may not exceed five-tenths of one percent (0.5%) of the  
16 amount of the obligation issued.

17 (b) An amount recovered under an ordinance adopted under

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subsection (a) is considered a cost of issuance.

(c) In the case of a county that does not contain a consolidated city, sixty percent (60%) of the amounts recovered under this section in the county shall be distributed to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the appropriate fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.

(d) In the case of a county that contains a consolidated city, sixty percent (60%) of the amounts recovered under this section in the county shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.

(e) In any county, forty percent (40%) of the amounts recovered under this section in the county shall be transferred to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

SECTION 2. IC 5-13-12-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The secretary-investment manager shall administer, manage, and direct the affairs and activities of the board under the policies and under the control and direction of the board. In carrying out these duties, the secretary-investment manager has the power to do the following:

(1) Approve all accounts for salaries and allowable expenses of the board, including, but not limited to:

(A) the employment of general or special attorneys, consultants, and employees and agents as may be necessary to assist the secretary-investment manager in carrying out the duties of that office and to assist the board in its consideration of applications for a guarantee of an industrial development obligation or credit enhancement obligation guarantee; and

(B) the setting of compensation of persons employed under ~~subdivision clause~~ (A).

(2) Approve all expenses incidental to the operation of the public deposit insurance fund.

(3) Perform other duties and functions that may be delegated to

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the secretary-investment manager by the board or that are necessary to carry out the duties of the secretary-investment manager under this chapter.

(b) The secretary-investment manager shall keep a record of the proceedings of the board, and shall maintain and be custodian of all books, documents, and papers filed with the board, and its official seal. The secretary-investment manager may make copies of all minutes and other records and documents of the board, and may give certificates under seal of the board to the effect that the copies are true copies. All persons dealing with the board may rely upon the certificates.

(c) Each year, beginning in 2001, ~~and ending in 2011~~, after the treasurer of state prepares the annual report required by IC 4-8.1-2-14, the secretary-investment manager shall determine:

(1) the amount of interest earned by the public deposit insurance fund during the state fiscal year ending on the preceding June 30, after deducting:

(A) all expenses and other costs of the board for depositories that were not paid from other sources during that state fiscal year; and

(B) all expenses and other costs associated with the Indiana education savings authority that were not paid from other sources during that state fiscal year; and

(2) the amount of interest earned during the state fiscal year ending on the preceding June 30 by the pension distribution fund established by subsection ~~(g)~~ (i).

(d) On or before November 1 of each year, beginning in 2001 and ending in 2011, the public employees' retirement fund shall provide a report to the secretary-investment manager concerning the individual and aggregate payments made by all units of local government (as defined in IC 5-10.3-11-3) during the preceding calendar year for benefits under the police and firefighter pension funds established by IC 36-8-6, IC 36-8-7, and IC 36-8-7.5.

(e) On or before the last business day of November of each year, beginning in 2001 and ending in 2011, the secretary-investment manager shall compute the amount of earned interest to be distributed under this section to each unit of local government (as defined in IC 5-10.3-11-3) in accordance with subsection ~~(h)~~ (j) according to the following formula:

STEP ONE: Add the amount determined under subsection (c)(1) to the amount determined under subsection (c)(2).

STEP TWO: Divide the STEP ONE sum by the aggregate amount of payments made by all units of local government during the

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preceding calendar year for benefits under the police and firefighter pension funds established by IC 36-8-6, IC 36-8-7, and IC 36-8-7.5, as reported under subsection (d).

STEP THREE: Multiply the STEP TWO quotient by the amount of payments made by each unit of local government during the preceding calendar year for benefits under the police and firefighter pension funds established by IC 36-8-6, IC 36-8-7, and IC 36-8-7.5, as reported under subsection (d).

**(f) On or before the last business day of November of each year, beginning in 2012, the secretary-investment manager shall compute the amount of earned interest to be distributed under this section to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 in an amount equal to the amount determined under subsection (c)(1).**

~~(f)~~ **(g)** Subject to subsection ~~(f)~~; **(l)**, on or before the last business day of December of each year, beginning in 2001 and ending in 2011, the secretary-investment manager shall provide to the auditor of state:

(1) a report setting forth the amounts to be distributed to units of local government, as determined under subsection (e); and

(2) a check payable from the public deposit insurance fund to the pension distribution fund established by subsection ~~(g)~~ **(i)** in an amount equal to the amount determined under subsection (c)(1).

**(h) Subject to subsection (l), on or before the last business day of December of each year, beginning in 2012, the secretary-investment manager shall provide to the auditor of state a report setting forth the amounts to be distributed to the affordable housing and community development fund, as determined under subsection (f).**

~~(g)~~ **(i)** The pension distribution fund is established. The pension distribution fund shall be administered by the treasurer of state. The treasurer of state shall invest money in the pension distribution fund not currently needed to meet the obligations of the pension distribution fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the pension distribution fund. Money in the pension distribution fund at the end of a state fiscal year does not revert to the state general fund.

~~(h)~~ **(j)** Subject to subsection ~~(f)~~; **(l)**, on June 30 and October 1 of each year, beginning in 2002 and ending in 2012, the auditor of state shall distribute in two (2) equal installments from the pension distribution fund to the fiscal officer of each unit of local government identified under subsection (d) the amount computed for that unit under

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subsection (e) in November of the preceding year.

(~~fi~~) **(k)** Each unit of local government shall deposit distributions received under subsection (~~th~~) **(j)** in the pension fund or funds identified by the secretary-investment manager and shall use those distributions to pay a portion of the obligations with respect to the pension fund or funds.

(~~fi~~) **(l)** Before providing a check to the auditor of state under subsection (~~fi~~)(2) **(g)(2)** in December of any ~~year~~, **year ending before January 1, 2012, or reporting a distribution under subsection (h) in December of any year beginning after December 31, 2011,** the secretary-investment manager shall determine:

(1) the total amount of payments made from the public deposit insurance fund under IC 5-13-13-3 after June 30, ~~2001~~, **2001, in the case of a determination made under this subsection for a year ending before January 1, 2012, or after June 30, 2012, in the case of a determination made under this subsection for a year beginning after December 31, 2011;**

(2) the total amount of payments received by the board for depositories and deposited in the public deposit insurance fund under IC 5-13-13-3 after June 30, ~~2001~~, **2001, in the case of a determination made under this subsection for a year ending before January 1, 2012, or after June 30, 2012, in the case of a determination made under this subsection for a year beginning after December 31, 2011;** and

(3) the total amount of interest earned by the public deposit insurance fund after the first of the payments described in subdivision (1).

If the total amount of payments determined under subdivision (1) less the total amount of payments determined under subdivision (2) (referred to in this subsection as the "net draw on the fund") exceeds ten million dollars (\$10,000,000) and also exceeds the total amount of interest determined under subdivision (3), the secretary-investment manager may not provide a check to the auditor of state under subsection (~~fi~~)(2) **(g)(2) or make a distribution under subsection (h), as the case may be,** and a distribution may not be made from the pension distribution fund under subsection (~~th~~) **(j)** in the following calendar year until the total amount of interest earned by the public deposit insurance fund equals the net draw on the fund. A check may not be provided under subsection (~~fi~~)(2) **(g)(2)** and a distribution may not be made under subsection (~~fi~~) **(g) or (h)** in any subsequent calendar year if a study conducted by the board under section 7(b) of this chapter demonstrates that payment of the distribution would reduce the

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balance of the public deposit insurance fund to a level insufficient to ensure the safekeeping and prompt payment of public funds to the extent they are not covered by insurance of any federal deposit insurance agency.

SECTION 3. IC 5-20-4-7, AS AMENDED BY P.L.1-2006, SECTION 114, AND AS AMENDED BY P.L.181-2006, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) There is established the *affordable housing ~~trust~~ and community development* fund. The fund shall be administered by the *Indiana housing and community development* authority under the direction of the *Indiana housing and community development* authority's board.

(b) The fund consists of the following resources:

- (1) Appropriations from the general assembly.
- (2) Gifts, ~~and grants, to the fund:~~ and donations of any tangible or intangible property from public or private sources.
- (3) Investment income earned on the fund's assets.
- (4) Repayments of loans from the fund.
- (5) Funds borrowed from the board for depositories insurance fund (IC 5-13-12-7).
- (6) Money deposited in the fund under IC 36-2-7-10.**
- (7) Money deposited in the fund under IC 5-1-14-15.**
- (8) Money deposited in the fund under IC 5-13-12-4.**
- (9) Money deposited in the fund under IC 6-2.5-10-1(a).**
- (10) Money transferred to the fund under IC 32-34-1-34(g).**

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money remaining in the fund at the end of a fiscal year does not revert to the state general fund.

(e) Interest earned on the fund may be used by the *Indiana housing and community development* authority to pay expenses incurred in the administration of the fund.

SECTION 4. IC 5-20-5-15.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15.5. (a) The governing body of an eligible entity that receives a grant under this chapter shall, by resolution, establish an affordable housing fund to be administered, subject to the terms of the resolution, by a department, a division, or an agency designated by the governing body.

(b) The affordable housing fund consists of:

- (1) payments in lieu of taxes deposited in the fund under IC 36-1-8-14.2;

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- (2) gifts and grants to the fund;
- (3) investment income earned on the fund's assets; ~~and~~
- (4) money deposited in the fund under IC 36-2-7-10;**
- (5) money deposited in the fund under IC 5-1-14-15(c); and**
- ~~(4)~~ **(6) other funds from sources approved by the commission.**

(c) The governing body shall, by resolution, establish uses for the affordable housing fund. However, the uses must be limited to:

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;
- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and
- (4) providing technical assistance to nonprofit developers of affordable housing.

(d) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 5. IC 5-22-16-4, AS AMENDED BY P.L.246-2005, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) An offeror that is a foreign corporation must be registered with the secretary of state to do business in Indiana in order to be considered responsible.

(b) This subsection applies to a purchase of ~~supplies or services~~ **tangible personal property** for a state agency under a contract entered into or purchase order sent to an offeror (in the absence of a contract) after June 30, ~~2003~~, **2007**, including a purchase described in IC 5-22-8-2 or IC 5-22-8-3. A state agency may not purchase **tangible personal property** ~~or services~~ from a person that is delinquent in the payment of amounts due from the person under IC 6-2.5 (gross retail and use tax) unless the person provides a statement from the department of state revenue that the person's delinquent tax liability:

- (1) has been satisfied; or
- (2) has been released under IC 6-8.1-8-2.

(c) The purchasing agent may award a contract to an offeror pending the offeror's registration with the secretary of state. If, in the judgment

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of the purchasing agent, the offeror has not registered within a reasonable period, the purchasing agent shall cancel the contract. An offeror has no cause of action based on the cancellation of a contract under this subsection.

SECTION 6. IC 5-28-15-5, AS ADDED BY P.L.214-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The board has the following powers, in addition to other powers that are contained in this chapter:

(1) To review and approve or reject all applicants for enterprise zone designation, according to the criteria for designation that this chapter provides.

(2) To waive or modify rules as provided in this chapter.

(3) To provide a procedure by which enterprise zones may be monitored and evaluated on an annual basis.

(4) To adopt rules for the disqualification of a zone business from eligibility for any or all incentives available to zone businesses, if that zone business does not do one (1) of the following:

(A) If all its incentives, as contained in the summary required under section 7 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the board in an amount equal to one percent (1%) of all its incentives.

(B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the zone.

(C) Remain open and operating as a zone business for twelve (12) months of the assessment year for which the incentive is claimed.

(5) To disqualify a zone business from eligibility for any or all incentives available to zone businesses in accordance with the procedures set forth in the board's rules.

(6) After a recommendation from a U.E.A., to modify an enterprise zone boundary if the board determines that the modification:

(A) is in the best interests of the zone; and

(B) meets the threshold criteria and factors set forth in section 9 of this chapter.

(7) To employ staff and contract for services.

(8) To receive funds from any source and expend the funds for the administration and promotion of the enterprise zone program.

(9) To make determinations under IC 6-3.1-11 concerning the designation of locations as industrial recovery sites and the availability of the credit provided by IC 6-1.1-20.7 to persons owning inventory located on an industrial recovery site.

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(10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11 concerning the disqualification of persons from claiming credits provided by those chapters in appropriate cases.

(11) To make determinations under IC 6-3.1-11.5 concerning the designation of locations as military base recovery sites and the availability of the credit provided by IC 6-3.1-11.5 to persons making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4)(A), each zone business that receives an incentive described in section 3 of this chapter shall assist the zone U.E.A. in an amount determined by the legislative body of the municipality in which the zone is located. If a zone business does not assist a U.E.A., the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is adopted.

**(c) The legislative body of the municipality in which a zone is located may adopt an ordinance requiring each zone business that receives an incentive described in section 3 of this chapter to provide assistance to a nonprofit corporation that:**

**(1) served the zone as a U.E.A. before incorporating as a nonprofit corporation; and**

**(2) continues to operate after the expiration of the zone as permitted under section 14(b)(3) of this chapter.**

**With the approval of the legislative body, a nonprofit corporation receiving assistance under this subsection may assign any amount of the assistance to another nonprofit corporation.**

SECTION 7. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become

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undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

(A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

**(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant for use as described in clause (B); and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or**

**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(D) **has** never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste

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1 into energy or other useful products and was installed after March  
 2 1, 1993, and before March 2, 1996, even if the property was  
 3 installed before the area where the property is located was  
 4 designated as an economic revitalization area or the statement of  
 5 benefits for the property was approved by the designating body.

6 (4) "Property" means a building or structure, but does not include  
 7 land.

8 (5) "Redevelopment" means the construction of new structures,  
 9 in economic revitalization areas, either:

10 (A) on unimproved real estate; or

11 (B) on real estate upon which a prior existing structure is  
 12 demolished to allow for a new construction.

13 (6) "Rehabilitation" means the remodeling, repair, or betterment  
 14 of property in any manner or any enlargement or extension of  
 15 property.

16 (7) "Designating body" means the following:

17 (A) For a county that does not contain a consolidated city, the  
 18 fiscal body of the county, city, or town.

19 (B) For a county containing a consolidated city, the  
 20 metropolitan development commission.

21 (8) "Deduction application" means:

22 (A) the application filed in accordance with section 5 of this  
 23 chapter by a property owner who desires to obtain the  
 24 deduction provided by section 3 of this chapter;

25 (B) the application filed in accordance with section 5.4 of this  
 26 chapter by a person who desires to obtain the deduction  
 27 provided by section 4.5 of this chapter; or

28 (C) the application filed in accordance with section 5.3 of this  
 29 chapter by a property owner that desires to obtain the  
 30 deduction provided by section 4.8 of this chapter.

31 (9) "Designation application" means an application that is filed  
 32 with a designating body to assist that body in making a  
 33 determination about whether a particular area should be  
 34 designated as an economic revitalization area.

35 (10) "Hazardous waste" has the meaning set forth in  
 36 IC 13-11-2-99(a). The term includes waste determined to be a  
 37 hazardous waste under IC 13-22-2-3(b).

38 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).  
 39 However, the term does not include dead animals or any animal  
 40 solid or semisolid wastes.

41 (12) "New research and development equipment" means tangible  
 42 personal property that:

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(A) a deduction applicant installs after June 30, 2000, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) laboratory equipment;
- (ii) research and development equipment;
- (iii) computers and computer software;
- (iv) telecommunications equipment; or
- (v) testing equipment;

(C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;

(D) the deduction applicant acquires **for purposes described in this subdivision:**

**(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~for purposes described in this subdivision; and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~**

**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;

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- (iv) conveyors;
- (v) fork lifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

**(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~and uses for the storage or distribution of goods, services, or information;~~ and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); and**

**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(D) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

(14) "New information technology equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

- (i) information processing;
- (ii) office automation;
- (iii) telecommunication facilities and networks;
- (iv) informatics;
- (v) network administration;
- (vi) software development; and
- (vii) fiber optics;

(C) the deduction applicant acquires in an arms length transaction from an entity that is not an affiliate of the deduction applicant; and

(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

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(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:

(A) is zoned for commercial or industrial purposes; and

(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

SECTION 8. IC 6-1.1-36-12, AS AMENDED BY P.L.154-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) A board of county commissioners, a county assessor, or an elected township assessor may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the parcel or the assessment under the return have been finalized. The contract may require the contractor to:

(1) examine and verify the accuracy of personal property returns filed by taxpayers with a township assessor of a township in the county **or with the county assessor**; and

(2) compare a return with the books **and records** of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer.

**(b) The actions of a contractor under subsection (a)(1) or (a)(2) must be limited in scope to the three (3) assessment years ending before January 1 of the calendar year in which the taxpayer receives notice of the contractor's actions. Notice provided under this section must be in writing and must list each year for which returns and other records may be reviewed under subsection (a). For purposes of this subsection, notice is considered to have been received by the taxpayer as of the date of the notice.**

**(c) IC 6-1.1-9-3 does not apply to a contractor's actions under subsection (a).**

~~(b)~~ **(d)** This subsection applies if funds are not appropriated for payment of services performed under a contract described in subsection (a). The county auditor may create a special nonreverting fund in which the county treasurer shall deposit the amount of taxes, including

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penalties and interest, that result from additional assessments on undervalued or omitted property collected from all taxing jurisdictions in the county after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property. The fund remains in existence during the term of the contract. Distributions shall be made from the fund without appropriation only for the following purposes **and in the following order:**

(1) **First, for** all contract fees and other costs related to the contract.

**(2) Second, for deposit in the county's reassessment fund. The amount deposited in the county's reassessment fund under this subdivision may not exceed twenty percent (20%) of the remaining money collected as a result of a contract entered into under this section.**

~~(2)~~ (e) After the payments required by ~~subdivision (1)~~ subsection (d) have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution.

**(f) If the money in the fund established under subsection (d) is insufficient to pay the fees and costs related to a contract described in subsection (a), the county may pay the remaining fees and costs from the county's reassessment fund.**

~~(e)~~ (g) A board of county commissioners, a county assessor, or an elected township assessor may not contract for services under subsection (a) on a percentage basis.

**(h) The department shall adopt rules under IC 4-22-2 to govern the certification of persons who wish to obtain a contract under this section.**

**(i) IC 6-1.1-9-10 applies to this section.**

SECTION 9. IC 6-1.1-45-9, AS AMENDED BY P.L.154-2006, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) Subject to subsection (c), a taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

(1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus

(2) the total amount of the base year assessed value for the enterprise zone location.

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(b) To receive the deduction allowed under subsection (a) for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

(c) A taxpayer that makes a qualified investment in an enterprise zone established under IC 5-28-15-11 that is under the jurisdiction of a military base reuse authority board created under IC 36-7-14.5 or IC 36-7-30-3 is entitled to a deduction under this section only if the deduction is approved by the military base reuse authority board.

**(d) Except as provided in subsection (c), a taxpayer that makes a qualified investment at an enterprise zone location that is located within an allocation area, as defined by IC 12-19-1.5-1, is entitled to a deduction under this section only if the deduction is approved by the governing body of the allocation area.**

SECTION 10. IC 6-1.1-45-10, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the assessment date. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. **Except as provided in subsections (c) and (d),** the application must be filed before May 15 of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the deduction provided under this chapter.

**(c) The county auditor may grant a taxpayer an extension of not more than thirty (30) days to file the taxpayer's application if:**

- (1) the taxpayer submits a written application for an extension before May 15 of the assessment year; and**
- (2) the taxpayer is prevented from filing a timely application because of sickness, absence from the county, or any other good and sufficient reason.**

**(d) An urban enterprise association created under IC 5-28-15-13 may by resolution waive failure to file a:**

- (1) timely; or**
- (2) complete;**

**deduction application under this section. Before adopting a waiver under this section, the urban enterprise association shall conduct**

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1 **a public hearing on the waiver.**

2 SECTION 11. IC 6-1.1-45-12, AS ADDED BY P.L.214-2005,  
3 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 MARCH 1, 2007 (RETROACTIVE)]: Sec. 12. **(a) Subject to**  
5 **subsection (b), a taxpayer may claim a deduction under this**  
6 **chapter for property other than property located in a consolidated**  
7 **city for an assessment date that occurs after the expiration of the**  
8 **enterprise zone in which the enterprise zone property for which the**  
9 **taxpayer made the qualified investment is located.**

10 **(b)** A taxpayer may not claim a deduction under this chapter for  
11 more than ten (10) years.

12 SECTION 12. IC 6-2.3-6-1 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) Except as  
14 provided in subsections (c) through (e), a taxpayer shall file utility  
15 receipts tax returns with, and pay the taxpayer's utility receipts tax  
16 liability to, the department by the due date of the estimated return. A  
17 taxpayer who uses a taxable year that ends on December 31 shall file  
18 the taxpayer's estimated utility receipts tax returns and pay the tax to  
19 the department on or before April 20, June 20, September 20, and  
20 December 20 of the taxable year. If a taxpayer uses a taxable year  
21 which does not end on December 31, the due dates for filing estimated  
22 utility receipts tax returns and paying the tax are on or before the  
23 twentieth day of the fourth, sixth, ninth, and twelfth months of the  
24 taxpayer's taxable year.

25 (b) With each return filed, with each payment by cashier's check,  
26 certified check, or money order delivered in person or by overnight  
27 courier, and with each electronic funds transfer made, a taxpayer shall  
28 pay to the department twenty-five percent (25%) of the estimated or the  
29 exact amount of utility receipts tax that is due.

30 (c) If a taxpayer's estimated annual utility receipts tax liability does  
31 not exceed one thousand dollars (\$1,000), the taxpayer is not required  
32 to file an estimated utility receipts tax return.

33 (d) If the department determines that a taxpayer's:

34 (1) estimated quarterly utility receipts tax liability for the current  
35 year; or

36 (2) average estimated quarterly utility receipts tax liability for the  
37 preceding year;

38 exceeds ~~ten~~ five thousand dollars (~~\$10,000~~), **(\$5,000)**, the taxpayer  
39 shall pay the estimated utility receipts taxes due by electronic funds  
40 transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by  
41 overnight courier a payment by cashier's check, certified check, or  
42 money order to the department. The transfer or payment shall be made

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on or before the date the tax is due.

(e) If a taxpayer's utility receipts tax payment is made by electronic funds transfer, the taxpayer is not required to file an estimated utility receipts tax return.

(f) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on taxpayers failing to make payments as required in subsection (b) or (d). However, a penalty may not be assessed as to any estimated payments of utility receipts tax that equal or exceed:

(1) twenty percent (20%) of the final tax liability for the taxable year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall be assessed only on the difference between the actual amount paid by the taxpayer on the estimated return and twenty-five percent (25%) of the taxpayers's final utility receipts tax liability for the taxable year.

SECTION 13. IC 6-2.5-3-2, AS AMENDED BY P.L.162-2006, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

(1) is acquired in a transaction that is an isolated or occasional sale; and

(2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility, if, after its addition, the property becomes part of the real estate on which the structure or facility is located. However, the use tax does not apply to additions of tangible personal property described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the sale or use of that property; or

(2) the ultimate purchaser or recipient of that property would have been exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.

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(d) The use tax is imposed on a person who:

- (1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and
- (2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

- (1) the property is delivered into Indiana by or for the purchaser of the property;
- (2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and
- (3) the property is subsequently transported out of state for use solely outside Indiana.

**(f) As used in this subsection, "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft. Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:**

- (1) the aircraft is titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;**
- (2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;**
- (3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation; and**
- (4) after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.**

SECTION 14. IC 6-2.5-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A person who acquires tangible personal property from a retail merchant for delivery in Indiana is presumed to have acquired the property for storage, use, or consumption in Indiana. **However, unless** the person or the retail merchant can produce evidence to rebut that presumption.

(b) A retail merchant is not required to produce evidence of nontaxability under subsection (a) if the retail merchant receives from the person who acquired the property an exemption certificate which certifies, in the form prescribed by the department, that the acquisition

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is exempt from the use tax.

(c) A retail merchant that sells tangible personal property to a person that purchases the tangible personal property for use or consumption in providing public transportation under IC 6-2.5-5-27 may verify the exemption by obtaining the person's:

(1) name;

(2) address; and

(3) motor carrier number, United States Department of Transportation number, or any other identifying number authorized by the department.

The person engaged in public transportation shall provide a signature to affirm under penalties of perjury that the information provided to the retail merchant is correct and that the tangible personal property is being purchased for an exempt purpose.

SECTION 15. IC 6-2.5-4-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. The department of administration and each purchasing agent for a state educational institution (as defined in IC 20-12-0.5-1) shall provide the department with a list of every person who desires to enter into a contract to sell tangible personal property or services to an agency (as defined in IC 4-13-2-1) or a state educational institution. The department shall notify the department of administration or the purchasing agent of the state educational institution if a person on the list does not have a registered retail merchant certificate or is delinquent in remitting or paying amounts due to the department under this article.

SECTION 16. IC 6-2.5-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) For purposes of this section:

(1) the retreading of tires shall be treated as the processing of tangible personal property; and

(2) commercial printing shall be treated as the production and manufacture of tangible personal property.

(b) Except as provided in subsection (c), transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

(c) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.

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SECTION 17. IC 6-2.5-5-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. **(a) Except as provided in subsection (b)**, transactions involving tangible personal property are exempt from the state gross retail tax if:

(1) the:

(A) person acquires the property to facilitate the service or consumption of food and food ingredients that is not exempted from the state gross retail tax under section 20 of this chapter; and

(B) property is:

(i) used, consumed, or removed in the service or consumption of the food and food ingredients; and

(ii) made unusable for further service or consumption of food and food ingredients after the property's first use for service or consumption of food and food ingredients; or

(2) the:

(A) person acquiring the property is engaged in the business of renting or furnishing rooms, lodgings, or accommodations in a commercial hotel, motel, inn, tourist camp, or tourist cabin; and

(B) ~~the~~ property acquired is:

(i) used up, removed, or otherwise consumed during the occupation of the rooms, lodgings, or accommodations by a guest; or

(ii) rendered nonreusable by the property's first use by a guest during the occupation of the rooms, lodgings, or accommodations.

**(b) The exemption provided by subsection (a) does not apply to transactions involving electricity, water, gas, or steam.**

SECTION 18. IC 6-2.5-5-39, AS AMENDED BY P.L.92-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 39. (a) As used in this section, "cargo trailer" means a vehicle:

(1) without motive power;

(2) designed for carrying property;

(3) designed for being drawn by a motor vehicle; and

(4) having a gross vehicle weight rating of at least two thousand two hundred (2,200) pounds.

(b) As used in this section, "recreational vehicle" means a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term includes a travel trailer, a motor home, a truck camper with a floor and facilities

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enabling it to be used as a dwelling, and a fifth wheel trailer.

(c) A transaction involving a cargo trailer ~~or~~ a recreational vehicle ~~or an aircraft~~ is exempt from the state gross retail tax if:

(1) the purchaser is a nonresident;

(2) upon receiving delivery of the cargo trailer ~~or~~ recreational vehicle, ~~or aircraft~~, the person transports it within thirty (30) days to a destination outside Indiana;

(3) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be titled or registered for use in another state or country;

(4) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will not be titled or registered for use in Indiana; and

(5) ~~in the case of a transaction involving a cargo trailer or recreational vehicle~~; the cargo trailer or recreational vehicle will be titled or registered in a state or country that provides an exemption from sales, use, or similar taxes imposed on a cargo trailer or recreational vehicle that is purchased in that state or country by an Indiana resident and will be titled or registered in Indiana.

A transaction involving a cargo trailer or recreational vehicle that does not meet the requirements of subdivision (5) is not exempt from the state gross retail tax.

(d) A purchaser must claim an exemption under this section by submitting to the retail merchant an affidavit stating the purchaser's intent to:

(1) transport the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ to a destination outside Indiana within thirty (30) days after delivery; and

(2) title or register the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ for use in another state or country.

The department shall prescribe the form of the affidavit, which must include an affirmation by the purchaser under the penalties for perjury that the information contained in the affidavit is true. The affidavit must identify the state or country in which the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be titled or registered.

(e) The department shall provide the information necessary to determine a purchaser's eligibility for an exemption claimed under this section to retail merchants in the business of selling cargo trailers or recreational vehicles.

SECTION 19. IC 6-2.5-5-42 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 42. (a) A transaction involving an aircraft is exempt from the state gross retail tax if:**

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(1) the purchaser is a nonresident;  
 (2) the purchaser transports the aircraft to a destination outside Indiana within thirty (30) days after:

(A) accepting delivery of the aircraft; or

(B) a repair, refurbishment, or remanufacture of the aircraft is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft;

(3) the aircraft will be:

(A) titled or registered in another state or country; or

(B) if a state or country does not require a title or registration for aircraft, based (as defined in IC 6-6-6.5-1(m)) in that state or country; and

(4) the aircraft will not be titled or registered in Indiana.

(b) A purchaser must claim an exemption under subsection (a) by submitting to the seller an affidavit affirming the elements required by subsection (a). In addition, the affidavit must identify the state or country in which the aircraft will be titled, registered, or based.

(c) Within sixty (60) days after:

(1) a purchaser who claims an exemption under this section accepts delivery of the aircraft; or

(2) a repair, refurbishment, or remanufacture of the aircraft subject to an exemption under this section is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft;

the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana. If the state or country in which the aircraft is based does not require the aircraft to be titled or registered, the purchaser shall provide the seller with a copy of the aircraft registration application for the aircraft as filed with the Federal Aviation Administration.

(d) The department shall prescribe the form of the affidavit required by subsection (b).

SECTION 20. IC 6-2.5-6-1, AS AMENDED BY P.L.153-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. (a) Except as otherwise provided in this section, each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall

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1 file the person's return for a particular month with the department and  
 2 make the person's tax payment for that month to the department not  
 3 more than thirty (30) days after the end of that month, if that person's  
 4 average monthly liability for collections of state gross retail and use  
 5 taxes under this section as determined by the department for the  
 6 preceding calendar year did not exceed one thousand dollars (\$1,000).  
 7 If a person's average monthly liability for collections of state gross  
 8 retail and use taxes under this section as determined by the department  
 9 for the preceding calendar year exceeded one thousand dollars  
 10 (\$1,000), that person shall file the person's return for a particular month  
 11 and make the person's tax payment for that month to the department not  
 12 more than twenty (20) days after the end of that month.

13 (b) If a person files a combined sales and withholding tax report and  
 14 either this section or IC 6-3-4-8.1 requires sales or withholding tax  
 15 reports to be filed and remittances to be made within twenty (20) days  
 16 after the end of each month, then the person shall file the combined  
 17 report and remit the sales and withholding taxes due within twenty (20)  
 18 days after the end of each month.

19 (c) Instead of the twelve (12) monthly reporting periods required by  
 20 subsection (a), the department may permit a person to divide a year into  
 21 a different number of reporting periods. The return and payment for  
 22 each reporting period is due not more than twenty (20) days after the  
 23 end of the period.

24 (d) Instead of the reporting periods required under subsection (a),  
 25 the department may permit a retail merchant to report and pay the  
 26 merchant's state gross retail and use taxes for a period covering:

27 (1) a calendar year, if the retail merchant's average monthly state  
 28 gross retail and use tax liability in the previous calendar year does  
 29 not exceed ten dollars (\$10);

30 (2) a calendar half year, if the retail merchant's average monthly  
 31 state gross retail and use tax liability in the previous calendar year  
 32 does not exceed twenty-five dollars (\$25); or

33 (3) a calendar quarter, if the retail merchant's average monthly  
 34 state gross retail and use tax liability in the previous calendar year  
 35 does not exceed seventy-five dollars (\$75).

36 A retail merchant using a reporting period allowed under this  
 37 subsection must file the merchant's return and pay the merchant's tax  
 38 for a reporting period not later than the last day of the month  
 39 immediately following the close of that reporting period.

40 (e) If a retail merchant reports the merchant's adjusted gross income  
 41 tax, or the tax the merchant pays in place of the adjusted gross income  
 42 tax, over a fiscal year or fiscal quarter not corresponding to the

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1 calendar year or calendar quarter, the merchant may, without prior  
 2 departmental approval, report and pay the merchant's state gross retail  
 3 and use taxes over the merchant's fiscal period that corresponds to the  
 4 calendar period the merchant is permitted to use under subsection (d).  
 5 However, the department may, at any time, require the retail merchant  
 6 to stop using the fiscal reporting period.

7 (f) If a retail merchant files a combined sales and withholding tax  
 8 report, the reporting period for the combined report is the shortest  
 9 period required under:

- 10 (1) this section;
- 11 (2) IC 6-3-4-8; or
- 12 (3) IC 6-3-4-8.1.

13 (g) If the department determines that a person's:

- 14 (1) estimated monthly gross retail and use tax liability for the  
 15 current year; or
- 16 (2) average monthly gross retail and use tax liability for the  
 17 preceding year;

18 exceeds ~~ten~~ five thousand dollars (~~\$10,000~~), (**\$5,000**), the person shall  
 19 pay the monthly gross retail and use taxes due by electronic funds  
 20 transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by  
 21 overnight courier a payment by cashier's check, certified check, or  
 22 money order to the department. The transfer or payment shall be made  
 23 on or before the date the tax is due.

24 (h) If a person's gross retail and use tax payment is made by  
 25 electronic funds transfer, the taxpayer is not required to file a monthly  
 26 gross retail and use tax return. However, the person shall file a  
 27 quarterly gross retail and use tax return before the twentieth day after  
 28 the end of each calendar quarter.

29 (i) A person:

- 30 (1) who has voluntarily registered as a seller under the  
 31 Streamlined Sales and Use Tax Agreement;
- 32 (2) who is not a Model 1, Model 2, or Model 3 seller (as defined  
 33 in the Streamlined Sales and Use Tax Agreement); and
- 34 (3) whose liability for collections of state gross retail and use  
 35 taxes under this section for the preceding calendar year as  
 36 determined by the department does not exceed one thousand  
 37 dollars (\$1,000);

38 is not required to file a monthly gross retail and use tax return.

39 SECTION 21. IC 6-2.5-6-9, AS AMENDED BY P.L.162-2006,  
 40 SECTION 23, AND AS AMENDED BY P.L.184-2006, SECTION 2,  
 41 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
 42 [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9. (a) In

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determining the amount of state gross retail and use taxes which a retail merchant must remit under section 7 of this chapter, the retail merchant shall, subject to subsections (c) and (d), deduct from the retail merchant's gross retail income from retail transactions made during a particular reporting period, an amount equal to the retail merchant's receivables which:

- (1) resulted from retail transactions in which the retail merchant did not collect the state gross retail or use tax from the purchaser;
- (2) resulted from retail transactions on which the retail merchant has previously paid the state gross retail or use tax liability to the department; and
- (3) were written off as an uncollectible debt for federal tax purposes under Section 166 of the Internal Revenue Code during the particular reporting period.

(b) If a retail merchant deducts a receivable under subsection (a) and subsequently collects all or part of that receivable, then the retail merchant shall, subject to subsection (d)(6), include the amount collected as part of the retail merchant's gross retail income from retail transactions for the particular reporting period in which the retail merchant makes the collection.

(c) This subsection applies only to retail transactions occurring after *December 31, 2006. June 30, 2007.* As used in this subsection, "affiliated group" means any combination of the following:

- (1) An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code (except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%)). ~~or~~

~~(2) A relationship described in Section 267(b)(11) of the Internal Revenue Code.~~

~~(2) (3)~~ Two (2) or more partnerships (as defined in IC 6-3-1-19), including limited liability companies and limited liability partnerships, that have the same degree of mutual ownership as an affiliated group described in subdivision (1), as determined under the rules adopted by the department.

**(4) A controlled corporate group (as defined in Section 267(f) of the Internal Revenue Code).**

The right to a deduction under this section is not assignable to an individual or entity that is not part of the same affiliated group as the assignor.

(d) The following provisions apply to a deduction for a receivable treated as uncollectible debt under subsection (a):

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- 1 (1) The deduction does not include interest.
- 2 (2) The amount of the deduction shall be determined in the
- 3 manner provided by Section 166 of the Internal Revenue Code for
- 4 bad debts but shall be adjusted to:
- 5 (A) exclude:
- 6 ~~(A)~~ (i) financing charges or interest;
- 7 ~~(B)~~ (ii) sales or use taxes charged on the purchase price;
- 8 ~~(C)~~ (iii) uncollectible amounts on property that remain in the
- 9 possession of the seller until the full purchase price is paid;
- 10 ~~(D)~~ (iv) expenses incurred in attempting to collect any debt;
- 11 and
- 12 ~~(E)~~ (v) repossessed property; **and**
- 13 **(B) include amounts previously deducted for federal**
- 14 **income tax purposes under Section 165 of the Internal**
- 15 **Revenue Code by a retail merchant or a member of a retail**
- 16 **merchant's affiliated group (as defined in subsection (c))**
- 17 **and not previously allowed as a deduction under this**
- 18 **section.**
- 19 (3) The deduction shall be claimed on the return for the period
- 20 during which the receivable is written off as uncollectible in the
- 21 claimant's books and records and is eligible to be deducted for
- 22 federal income tax purposes. For purposes of this subdivision, a
- 23 claimant who is not required to file federal income tax returns
- 24 may deduct an uncollectible receivable on a return filed for the
- 25 period in which the receivable is written off as uncollectible in the
- 26 claimant's books and records and would be eligible for a bad debt
- 27 deduction for federal income tax purposes if the claimant were
- 28 required to file a federal income tax return.
- 29 (4) If the amount of uncollectible receivables claimed as a
- 30 deduction by a retail merchant for a particular reporting period
- 31 exceeds the amount of the retail merchant's taxable sales for that
- 32 reporting period, the retail merchant may file a refund claim
- 33 under IC 6-8.1-9. However, the deadline for the refund claim shall
- 34 be measured from the due date of the return for the reporting
- 35 period on which the deduction for the uncollectible receivables
- 36 could first be claimed.
- 37 (5) If a retail merchant's filing responsibilities have been assumed
- 38 by a certified service provider (as defined in IC 6-2.5-11-2), the
- 39 certified service provider may claim, on behalf of the retail
- 40 merchant, any deduction or refund for uncollectible receivables
- 41 provided by this section. The certified service provider must
- 42 credit or refund the full amount of any deduction or refund

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received to the retail merchant.

(6) For purposes of reporting a payment received on a previously claimed uncollectible receivable, any payments made on a debt or account shall be applied first proportionally to the taxable price of the property and the state gross retail tax or use tax thereon, and secondly to interest, service charges, and any other charges.

(7) A retail merchant claiming a deduction for an uncollectible receivable may allocate that receivable among the states that are members of the streamlined sales and use tax agreement if the books and records of the retail merchant support that allocation.

SECTION 22. IC 6-2.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals ~~eighty-three hundredths percent (0.83%)~~ **a percentage** of the retail merchant's state gross retail and use tax liability accrued during a reporting period, **specified as follows:**

**(1) Eighty-three hundredths percent (0.83%), until the retail merchant's state gross retail and use tax liability accrued during the calendar year of the reporting period reaches seven hundred fifty thousand dollars (\$750,000).**

**(2) Thirteen-hundredths percent (0.13%) after the retail merchant's state gross retail and use tax liability accrued during the calendar year of the reporting period exceeds seven hundred fifty thousand dollars (\$750,000).**

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section.

SECTION 23. IC 6-2.5-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects. **For each periodic remittance collected from a retail merchant under IC 6-2.5-6-1, the department shall calculate an amount equal to the difference between:**

**(1) an amount equal to:**

**(A) the retail merchant's state gross retail and use tax liability for the reporting period, before applying the allowance permitted under IC 6-2.5-6-10; multiplied by**

**(B) eighty-three hundredths percent (0.83%); minus**

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(2) an amount equal to:

- (A) the retail merchant's state gross retail and use tax liability for the reporting period, before applying the allowance permitted under IC 6-2.5-6-10; multiplied by
- (B) the percentage allowance to which the retail merchant is entitled under IC 6-2.5-6-10 for the particular reporting period.

From the amount remitted by the retail merchant under IC 6-2.5-6-1 for the reporting period, the department shall, before making the deposits required under subsection (b), deposit an amount equal to the amount determined under this subsection in the affordable housing and community development fund established by IC 5-20-4-7.

(b) After making any deposit in the affordable housing and community development fund required under subsection (a), the department shall deposit ~~those collections~~ the state gross retail and use taxes collected in the following manner:

- (1) Fifty percent (50%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.
- (2) Forty-nine and one hundred ninety-two thousandths percent (49.192%) of the collections shall be paid into the state general fund.
- (3) Six hundred thirty-five thousandths of one percent (0.635%) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.
- (4) Thirty-three thousandths of one percent (0.033%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.
- (5) Fourteen-hundredths of one percent (0.14%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 24. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed

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or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code *for taxable years beginning after December 31, 1996 (as effective January 1, 2004)*; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross

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income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

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- 1 (ii) beginning after December 31, 2004, two thousand five
- 2 hundred dollars (\$2,500); or
- 3 (B) the amount of property taxes that are paid during the
- 4 taxable year in Indiana by the individual on the individual's
- 5 principal place of residence.
- 6 (18) Subtract an amount equal to the amount of a September 11
- 7 terrorist attack settlement payment included in the individual's
- 8 federal adjusted gross income.
- 9 (19) Add or subtract the amount necessary to make the adjusted
- 10 gross income of any taxpayer that owns property for which bonus
- 11 depreciation was allowed in the current taxable year or in an
- 12 earlier taxable year equal to the amount of adjusted gross income
- 13 that would have been computed had an election not been made
- 14 under Section 168(k) of the Internal Revenue Code to apply bonus
- 15 depreciation to the property in the year that it was placed in
- 16 service.
- 17 (20) Add an amount equal to any deduction allowed under
- 18 Section 172 of the Internal Revenue Code.
- 19 (21) Add or subtract the amount necessary to make the adjusted
- 20 gross income of any taxpayer that placed Section 179 property (as
- 21 defined in Section 179 of the Internal Revenue Code) in service
- 22 in the current taxable year or in an earlier taxable year equal to
- 23 the amount of adjusted gross income that would have been
- 24 computed had an election for federal income tax purposes not
- 25 been made for the year in which the property was placed in
- 26 service to take deductions under Section 179 of the Internal
- 27 Revenue Code in a total amount exceeding twenty-five thousand
- 28 dollars (\$25,000).
- 29 (22) Add an amount equal to the amount that a taxpayer claimed
- 30 as a deduction for domestic production activities for the taxable
- 31 year under Section 199 of the Internal Revenue Code for federal
- 32 income tax purposes.
- 33 (b) In the case of corporations, the same as "taxable income" (as
- 34 defined in Section 63 of the Internal Revenue Code) adjusted as
- 35 follows:
- 36 (1) Subtract income that is exempt from taxation under this article
- 37 by the Constitution and statutes of the United States.
- 38 (2) Add an amount equal to any deduction or deductions allowed
- 39 or allowable pursuant to Section 170 of the Internal Revenue
- 40 Code.
- 41 (3) Add an amount equal to any deduction or deductions allowed
- 42 or allowable pursuant to Section 63 of the Internal Revenue Code

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for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

*(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.*

**(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34 of this chapter).**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined

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in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

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(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim

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of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and

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two thousand five hundred dollars (\$2,500).

SECTION 25. IC 6-3-1-34 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 34. (a) Except as provided in subsection (b), "captive real estate investment trust" means a corporation, a trust, or an association:**

(1) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code;

(2) that is not regularly traded on an established securities market; and

(3) in which more than fifty percent (50%) of the:

(A) voting power;

(B) beneficial interests; or

(C) shares;

are owned or controlled, directly or constructively, by a single entity that is subject to Subchapter C of Chapter 1 of the Internal Revenue Code.

(b) The term does not include a corporation, a trust, or an association in which more than fifty percent (50%) of the entity's voting power, beneficial interests, or shares are owned by a single entity described in subsection (a)(3) that is owned or controlled, directly or constructively, by:

(1) a corporation, a trust, or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code;

(2) a person exempt from taxation under Section 501 of the Internal Revenue Code; or

(3) a real estate investment trust that:

(A) is intended to become regularly traded on an established securities market; and

(B) satisfies the requirements of Section 856(a)(5) and Section 856(a)(6) of the Internal Revenue Code under Section 856(h) of the Internal Revenue Code.

(c) For purposes of this section, the constructive ownership rules of Section 318 of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply to the determination of the ownership of stock, assets, or net profits of any person.

SECTION 26. IC 6-3-2-20, AS ADDED BY P.L.162-2006, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 20. (a)** The following definitions apply throughout this section:

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(1) "Affiliated group" has the meaning provided in Section 1504 of the Internal Revenue Code, except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%).

(2) "Directly related intangible interest expenses" means interest expenses that are paid to, or accrued or incurred as a liability to, a recipient if:

(A) the amounts represent, in the hands of the recipient, income from making one (1) or more loans; and

(B) the funds loaned were originally received by the recipient from the payment of intangible expenses by any of the following:

(i) The taxpayer.

(ii) A member of the same affiliated group as the taxpayer.

(iii) A foreign corporation.

(3) "Foreign corporation" means a corporation that is organized under the laws of a country other than the United States and would be a member of the same affiliated group as the taxpayer if the corporation were organized under the laws of the United States.

(4) "Intangible expenses" means the following amounts to the extent these amounts are allowed as deductions in determining taxable income under Section 63 of the Internal Revenue Code before the application of any net operating loss deduction and special deductions for the taxable year:

(A) Expenses, losses, and costs directly for, related to, or in connection with the acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property.

(B) Royalty, patent, technical, and copyright fees.

(C) Licensing fees.

(D) Other substantially similar expenses and costs.

(5) "Intangible property" means patents, patent applications, trade names, trademarks, service marks, copyrights, trade secrets, and substantially similar types of intangible assets.

(6) "Interest expenses" means amounts that are allowed as deductions under Section 163 of the Internal Revenue Code in determining taxable income under Section 63 of the Internal Revenue Code before the application of any net operating loss deductions and special deductions for the taxable year.

(7) "Makes a disclosure" means a taxpayer provides the following

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information regarding a transaction with a member of the same affiliated group or a foreign corporation involving an intangible expense and any directly related intangible interest expense with the taxpayer's tax return on the forms prescribed by the department:

(A) The name of the recipient.

(B) The state or country of domicile of the recipient.

(C) The amount paid to the recipient.

(D) A copy of federal Form 851, Affiliation Schedule, as filed with the taxpayer's federal consolidated tax return.

(E) The information needed to determine the taxpayer's status under the exceptions listed in subsection (c).

(8) "Recipient" means:

(A) a member of the same affiliated group as the taxpayer; or

(B) a foreign corporation;

to which is paid an item of income that corresponds to an intangible expense or any directly related intangible interest expense.

(9) "Unrelated party" means a person that, with respect to the taxpayer, is not a member of the same affiliated group or a foreign corporation.

(b) Except as provided in subsection (c), in determining its adjusted gross income under IC 6-3-1-3.5(b), a corporation subject to the tax imposed by IC 6-3-2-1 shall add to its taxable income under Section 63 of the Internal Revenue Code:

(1) intangible expenses; and

(2) any directly related intangible interest expenses;

paid, accrued, or incurred with one (1) or more members of the same affiliated group or with one (1) or more foreign corporations.

(c) The addition of intangible expenses or any directly related intangible interest expenses otherwise required in a taxable year under subsection (b) is not required if one (1) or more of the following apply to the taxable year:

(1) The taxpayer and the recipient are both included in the same consolidated tax return filed under IC 6-3-4-14 or in the same combined return filed under IC 6-3-2-2(q) for the taxable year.

(2) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the item of income corresponding to the intangible expenses and any directly related intangible interest expenses was included within the recipient's income that is subject to

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tax in:

(i) a state or possession of the United States; or

(ii) a country other than the United States;

that is the recipient's commercial domicile and that imposes a net income tax, a franchise tax measured, in whole or in part, by net income, or a value added tax;

(B) the transaction giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient was made at a commercially reasonable rate and at terms comparable to an arm's length transaction; and

(C) the transactions giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

(3) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient regularly engages in transactions involving intangible property with one (1) or more unrelated parties on terms substantially similar to those of the subject transaction; and

(B) the transaction giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

(4) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the payment was received from a person or entity that is an unrelated party, and on behalf of that unrelated party, paid that amount to the recipient in an arm's length transaction; and

(B) the transaction giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

(5) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient paid, accrued, or incurred a liability to an unrelated party during the taxable year for an equal or greater amount that was directly for, related to, or in connection with

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the same intangible property giving rise to the intangible expenses; and

(B) the transactions giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose.

(6) The taxpayer makes a disclosure and, at the request of the department, can establish by a preponderance of the evidence that:

(A) the recipient is engaged in:

(i) substantial business activities from the acquisition, use, licensing, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property; or

(ii) other substantial business activities separate and apart from the business activities described in item (i);

as evidenced by the maintenance of a permanent office space and an adequate number of full-time, experienced employees;

(B) the transactions giving rise to the intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient did not have Indiana tax avoidance as a principal purpose; and

(C) the transactions were made at a commercially reasonable rate and at terms comparable to an arm's length transaction.

(7) The taxpayer and the department agree, in writing, to the application or use of an alternative method of allocation or ~~appointment~~ **apportionment** under section 2(l) or 2(m) of this chapter.

(8) Upon request by the taxpayer, the department determines that the adjustment otherwise required by this section is unreasonable.

(d) For purposes of this section, intangible expenses or directly related intangible interest expenses shall be considered to be at a commercially reasonable rate or at terms comparable to an arm's length transaction if the intangible expenses or directly related intangible interest expenses meet the arm's length standards of United States Treasury Regulation 1.482-1(b).

(e) If intangible expenses or directly related intangible expenses are determined not to be at a commercially reasonable rate or at terms comparable to an arm's length transaction for purposes of this section, the adjustment required by subsection (b) shall be made only to the extent necessary to cause the intangible expenses or directly related intangible interest expenses to be at a commercially reasonable rate and at terms comparable to an arm's length transaction.

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(f) For purposes of this section, transactions giving rise to intangible expenses and any directly related intangible interest expenses between the taxpayer and the recipient shall be considered as having Indiana tax avoidance as the principal purpose if:

- (1) there is not one (1) or more valid business purposes that independently sustain the transaction notwithstanding any tax benefits associated with the transaction; and
- (2) the principal purpose of tax avoidance exceeds any other valid business purpose.

SECTION 27. IC 6-3-3-12, AS ADDED BY P.L.192-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 12. **(a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.**

**(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.**

**(c) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.**

~~(a)~~ **(d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.**

**(e) As used in this section, "non-qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.**

**(f) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.**

**(g) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:**

- (1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;**
- (2) as a result of the death or disability of an account beneficiary;**
- (3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship;**
- or**
- (4) by a college choice 529 education savings plan as the result**

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1 of a transfer of funds by a college choice 529 education  
 2 savings plan from one (1) third party custodian to another.  
 3 **A qualified withdrawal does not include a rollover distribution or**  
 4 **transfer of assets from a college choice 529 education savings plan**  
 5 **to any other qualified tuition program under Section 529 of the**  
 6 **Internal Revenue Code that is not a college choice 529 education**  
 7 **savings plan.**

8 ~~(b)~~ (h) As used in this section, "taxpayer" means:

- 9 (1) an individual filing a single return; or  
 10 (2) a married couple filing a joint return.

11 ~~(c)~~ (i) A taxpayer is entitled to a credit against the taxpayer's  
 12 adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a  
 13 taxable year equal to the least of the following:

- 14 (1) Twenty percent (20%) of the amount of ~~each contribution the~~  
 15 **total contributions** made by the taxpayer to **an account or**  
 16 **accounts of** a college choice 529 education savings plan during  
 17 the taxable year.  
 18 (2) One thousand dollars (\$1,000).  
 19 (3) The amount of the taxpayer's adjusted gross income tax  
 20 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,  
 21 reduced by the sum of all credits (as determined without regard to  
 22 this section) allowed by IC 6-3-1 through IC 6-3-7.

23 ~~(d)~~ (j) A taxpayer is not entitled to a carryback, carryover, or refund  
 24 of an unused credit.

25 ~~(e)~~ (k) A taxpayer may not sell, assign, convey, or otherwise transfer  
 26 the tax credit provided by this section.

27 ~~(f)~~ (l) To receive the credit provided by this section, a taxpayer must  
 28 claim the credit on the taxpayer's annual state tax return or returns in  
 29 the manner prescribed by the department. The taxpayer shall submit to  
 30 the department all information that the department determines is  
 31 necessary for the calculation of the credit provided by this section.

32 **(m) An account owner of an account of a college choice 529**  
 33 **education savings plan must repay all or a part of the credit in a**  
 34 **taxable year in which any non-qualified withdrawal is made from**  
 35 **the account. The amount the taxpayer must repay is equal to the**  
 36 **lesser of:**

- 37 (1) twenty percent (20%) of the total amount of non-qualified  
 38 withdrawals made during the taxable year from the account;  
 39 or  
 40 (2) the excess of:  
 41 (A) the cumulative amount of all credits provided by this  
 42 section that were claimed by any taxpayer with respect to

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the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over (B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.

(n) Any required repayment under subsection (m) shall be reported by the account owner on the account owner's annual state income tax return for any taxable year in which a non-qualified withdrawal is made.

(o) The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:

- (1) non-qualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or
- (2) account closings for the taxable year.

SECTION 28. IC 6-3-4-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1.5. If a professional preparer files more than one hundred (100) returns in a calendar year for persons described in section 1(1) or 1(2) of this chapter, in the immediately following calendar year the professional preparer shall file returns for persons described in section 1(1) or 1(2) of this chapter in an electronic format specified by the department.

SECTION 29. IC 6-3-4-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 16, 2007]: Sec. 4.1. (a) This section applies to taxable years beginning after December 31, 1993.

(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(c) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration

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of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars (\$400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to **the lesser of:**

(1) twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year; **or**

(2) **the annualized income installment calculated in the manner provided by Section 6655(e) of the Internal Revenue Code as applied to the corporation's liability for adjusted gross income tax.**

A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

(1) ~~twenty percent (20%) of the final tax liability for such taxable year; the annualized income installment calculated under subsection (d);~~ or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability

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which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed one thousand dollars (\$1,000) for its taxable year.

(g) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds ~~before January 1, 1998, twenty thousand dollars (\$20,000); and, after December 31, 1997, ten five thousand dollars (\$10,000); (\$5,000)~~, after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

SECTION 30. IC 6-3-4-8.1, AS AMENDED BY P.L.111-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8.1. (a) Any entity that is required to file a monthly return and make a monthly remittance of taxes under sections 8, 12, 13, and 15 of this chapter shall file those returns and make those remittances twenty (20) days (rather than thirty (30) days) after the end of each month for which those returns and remittances are filed, if that entity's average monthly remittance for the immediately preceding calendar year exceeds one thousand dollars (\$1,000).

(b) The department may require any entity to make the entity's monthly remittance and file the entity's monthly return twenty (20) days (rather than thirty (30) days) after the end of each month for which a return and payment are made if the department estimates that the entity's average monthly payment for the current calendar year will exceed one thousand dollars (\$1,000).

(c) If the department determines that a withholding agent is not withholding, reporting, or remitting an amount of tax in accordance with this chapter, the department may require the withholding agent:

(1) to make periodic deposits during the reporting period; and

(2) to file an informational return with each periodic deposit.

(d) If a person files a combined sales and withholding tax report and either this section or IC 6-2.5-6-1 requires the sales or withholding tax report to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined

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report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(e) If the department determines that an entity's:

- (1) estimated monthly withholding tax remittance for the current year; or
- (2) average monthly withholding tax remittance for the preceding year;

exceeds ~~ten~~ **five** thousand dollars (~~\$10,000~~), **(\$5,000)**, the entity shall remit the monthly withholding taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the remittance is due.

(f) If an entity's withholding tax remittance is made by electronic fund transfer, the entity is not required to file a monthly withholding tax return.

SECTION 31. IC 6-4.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) A person may file with the department of state revenue a claim for the refund of inheritance or Indiana estate tax which has been erroneously or illegally collected. Except as provided in section 2 of this chapter, the person must file the claim within three (3) years after the tax is paid or within one (1) year after the tax is finally determined, whichever is later.

(b) The amount of the refund that a person is entitled to receive under this chapter equals the amount of the erroneously or illegally collected tax, plus interest at the rate of six percent (6%) per annum computed from the date the tax was paid to the date it is refunded: **calculated as specified in subsection (c).**

**(c) If a tax payment that has been erroneously or illegally collected is not refunded within ninety (90) days after the date on which the refund claim is filed with the department of state revenue, interest accrues at the rate of six percent (6%) per annum computed from the date the refund claim is filed until the tax payment is refunded.**

SECTION 32. IC 6-5.5-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Each taxpayer subject to taxation under this article shall report and pay quarterly an estimated tax equal to twenty-five percent (25%) of the taxpayer's total estimated tax liability imposed by this article for the taxable year. A taxpayer that uses a taxable year that ends on December 31 shall file the taxpayer's estimated quarterly financial institutions tax

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return and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year, without assessment or notice and demand from the department. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing the estimated quarterly financial institutions tax return and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and furnish the forms for reporting and payment.

(b) Subsection (a) is applicable only to taxpayers having a tax liability imposed under this article that exceeds one thousand dollars (\$1,000) for the taxable year.

(c) If the department determines that a taxpayer's:

- (1) estimated quarterly financial institutions tax liability for the current year; or
- (2) average quarterly financial institutions tax payment for the preceding year;

exceeds ~~ten~~ five thousand dollars (~~\$10,000~~), (\$5,000), the taxpayer shall pay the quarterly financial institutions taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(d) If a taxpayer's financial institutions tax payment is made by electronic fund transfer, the taxpayer is not required to file a quarterly financial institutions tax return.

SECTION 33. IC 6-6-1.1-502 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 502. (a) Except as provided in subsection (b), at the time of filing each monthly report, each distributor shall pay to the administrator the full amount of tax due under this chapter for the preceding calendar month, computed as follows:

- (1) Enter the total number of invoiced gallons of gasoline received during the preceding calendar month.
- (2) Subtract the number of gallons for which deductions are provided by sections 701 through 705 of this chapter from the number of gallons entered under subdivision (1).
- (3) Subtract the number of gallons reported under section 501(3) of this chapter.
- (4) Multiply the number of invoiced gallons remaining after making the computation in subdivisions (2) and (3) by the tax rate prescribed by section 201 of this chapter to compute that part of

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the gasoline tax to be deposited in the highway, road, and street fund under section 802(2) of this chapter or in the motor fuel tax fund under section 802(3) of this chapter.

(5) Multiply the number of gallons subtracted under subdivision (3) by the tax rate prescribed by section 201 of this chapter to compute that part of the gasoline tax to be deposited in the fish and wildlife fund under section 802(1) of this chapter.

(b) If the department determines that a distributor's:

(1) estimated monthly gasoline tax liability for the current year; or

(2) average monthly gasoline tax liability for the preceding year; exceeds ~~ten five~~ thousand dollars (~~\$10,000~~), **(\$5,000)**, the distributor shall pay the monthly gasoline taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 34. IC 6-6-6.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, unless the context clearly indicates otherwise:

(a) "Aircraft" means a device which is designed to provide air transportation for one (1) or more individuals or for cargo.

(b) "State" means the state of Indiana.

(c) "Department" refers to the department of state revenue.

(d) "Person" includes an individual, a partnership, a firm, a corporation, a limited liability company, an association, a trust, or an estate, or a legal representative of such.

(e) "Owner" means a person who holds or is required to obtain a certificate of registration from the Federal Aviation Administration for a specific aircraft. In the event an aircraft is the subject of an agreement for the conditional sale or lease with the right of purchase upon the performance of the conditions stated in the agreement and with an immediate right of possession of the aircraft vested in the conditional vendee or lessee, or in the event the mortgagor of an aircraft is entitled to possession, then the conditional vendee or lessee or mortgagor shall be deemed to be the owner for purposes of this chapter.

(f) "Dealer" means a person who has an established place of business in this state, is required to obtain a certificate under IC 6-2.5-8-1 or IC 6-2.5-8-3 and is engaged in the business of manufacturing, buying, selling, or exchanging new or used aircraft.

(g) "Maximum landing weight" means the maximum weight of the aircraft, accessories, fuel, pilot, passengers, and cargo that is permitted

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on landing under the best conditions, as determined for an aircraft by the appropriate federal agency or the certified allowable gross weight published by the manufacturer of the aircraft.

(h) "Resident" means an individual or a fiduciary who resides or is domiciled within Indiana or any corporation or business association which maintains a fixed and established place of business within Indiana for a period of more than sixty (60) days in any one (1) year.

(i) "Taxable aircraft" means an aircraft required to be registered with the department by this chapter.

(j) "Regular annual registration date" means the last day of February of each year.

(k) "Taxing district" means a geographic area within which property is taxed by the same taxing units and at the same total rate.

(l) "Taxing unit" means an entity which has the power to impose ad valorem property taxes.

(m) "Base" means the location or place where the aircraft is normally hangared, tied down, housed, parked, or kept, when not in use.

(n) "Homebuilt aircraft" means an aircraft constructed primarily by an individual for personal use. The term homebuilt aircraft does not include an aircraft constructed primarily by a for-profit aircraft manufacturing business.

(o) "Pressurized aircraft" means an aircraft equipped with a system designed to control the atmospheric pressure in the crew or passenger cabins.

(p) "Establishing a base" means renting or leasing a hangar or tie down for a particular aircraft for at least thirty-one (31) days.

(q) "Inventory aircraft" means an aircraft held for resale by a registered Indiana dealer.

**(r) "Repair station" means a person who holds a repair station certificate that was issued to the person by the Federal Aviation Administration under 14 CFR Part 145.**

SECTION 35. IC 6-6-6.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Except as otherwise provided in this chapter, any resident of this state who owns an aircraft shall register the aircraft with the department not later than thirty-one (31) days after the purchase date.

(b) Except as otherwise provided in this chapter, any nonresident who bases an aircraft in this state for more than sixty (60) days shall register the aircraft with the department under this chapter not later than sixty (60) days after establishing a base in Indiana.

(c) Except as otherwise provided in this chapter, an Indiana resident

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who owns a homebuilt aircraft shall register the aircraft with the department not later than thirty-one (31) days after the date the Federal Aviation Administration has issued the certificate of registration and air worthiness certificate for the aircraft.

(d) Notwithstanding subsection (b), if a nonresident bases an aircraft in Indiana with a dealer **or repair station** solely for repairing, remodeling, or refurbishing the aircraft, neither the nonresident nor the dealer **or repair station** is required to register the aircraft with the department under this chapter. However, the dealer **or repair station** shall file a report with the department the month after the end of each calendar quarter. The report must list only:

(1) the ~~dealer's~~ name and address **and of the dealer or repair station;**

(2) **either:**

(A) the dealer's certification number; or

(B) the repair station's certificate number; and

(3) the N number of each aircraft that was based in this state for more than sixty (60) days during the preceding quarter.

SECTION 36. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of ~~one and two-tenths two~~ percent **(2%)** of the amount of the tax stamps purchased, as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that:

(1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department; and

(2) proof of payment is made of all local property, state income, and excise taxes for which any such distributor may be liable. The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

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(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 37. IC 6-7-1-28.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

(1) Six and six-tenths percent (6.6%) of the money shall be deposited in a fund to be known as the cigarette tax fund.

(2) Ninety-four hundredths percent (0.94%) of the money shall be deposited in a fund to be known as the mental health centers fund.

(3) Eighty-three and ~~ninety-seven hundredths~~ **four hundred forty-seven thousandths** percent (~~83.97%~~) (**83.447%**) of the money shall be deposited in the state general fund.

(4) Eight and forty-nine hundredths percent (8.49%) of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

**(5) Five hundred twenty-three thousandths percent (0.523%) of the money shall be transferred as follows:**

**(A) Sixty percent (60%) of money shall be distributed to the county treasurer of each county that has at least one unit that has established an affordable housing fund under IC 5-20-5-15.5 or a housing trust fund under IC 36-7-15.1-35.5(e) according to the ratio the population of each adopting county bears to the total population of the adopting counties. A county treasurer shall allocate money received under this clause as follows:**

**(i) In the case of a county that does not contain a consolidated city, to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the appropriate fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.**

**(ii) In the case of a county that contains a consolidated city, amounts recovered under this clause shall be**

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deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.

(B) Forty percent (40%) of money shall be transferred to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

The money in the cigarette tax fund, the mental health centers fund, or the pension relief fund, a local affordable housing fund, a housing trust fund established under IC 36-7-15.1-35.5(e), and the affordable housing and community development fund established under IC 5-20-4-7, at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference.

SECTION 38. IC 6-8-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 12. Eligible Event; Exemption from Taxation**

**Sec. 1. As used in this chapter, "eligible entity" means the following:**

- (1) A not-for-profit trade association under Section 501(c)(6) of the Internal Revenue Code known as the National Football League.
- (2) Any corporation, partnership, limited liability company, or other entity owned or controlled by the entity described in subdivision (1).
- (3) Any member club of the entity described in subdivision (1).
- (4) Any not-for-profit charitable organization affiliated with the entity described in subdivision (1).

**Sec. 2. As used in this chapter, "eligible event" means an event known as the Super Bowl that is conducted by the entity described in section 1(1) of this chapter.**

**Sec. 3. All property owned by an eligible entity, revenues of an eligible entity, and expenditures and transactions of an eligible entity:**

- (1) in connection with an eligible event; and
- (2) resulting from holding an eligible event in Indiana or making preparatory advance visits to Indiana in connection with an eligible event;

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are exempt from taxation in Indiana for all purposes.

Sec. 4. The excise tax under IC 6-9-13 does not apply to an eligible event.

Sec. 5. The general assembly finds that this chapter has been enacted as a requirement to host an eligible event in Indiana and that an eligible event would not be held in Indiana without the exemptions provided in this chapter. Notwithstanding the exemptions provided in this chapter, an eligible event held in Indiana would generate significant economic impact for the state and additional revenues from the taxes affected by this chapter. Therefore, the exemptions from taxation provided in this chapter will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases, payable from such taxes.

SECTION 39. IC 6-8.1-3-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. The department may not

(1) include the amount of revenue collected or tax liability assessed in the evaluation of an employee. or

(2) impose or suggest production quotas or goals for employees based on the number of cases closed.

SECTION 40. IC 6-8.1-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A document, including a form, a return, a payment, or a writing of any type, which must be filed with the department by a prescribed date, is considered filed:

(1) in cases where it is mailed through the United States mail, on the date displayed on the post office cancellation mark stamped on the document's wrapper;

(2) in cases where it is delivered to the department in any manner other than through the United States mail, on the date on which the department physically receives the document; or

(3) in cases where a payment is made by an electronic fund transfer, on the date the ~~taxpayer's bank account is charged.~~ **taxpayer issues the payment order for the electronic fund transfer.**

(b) If a document is sent through the United States mail by registered mail, certified mail, or certificate of mailing, then the date of the registration, certification, or certificate, as evidenced by any record authenticated by the United States Post Office, is considered the postmark date.

(c) If a document is mailed to the department through the United

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1 States mail and is physically received after the appropriate due date  
 2 without a legible correct postmark, the person who mailed the  
 3 document will be considered to have filed the document on or before  
 4 the due date if the person can show by reasonable evidence to the  
 5 department that the document was deposited in the United States mail  
 6 on or before the due date.

7 (d) If a document is mailed to, but not received by, the department,  
 8 the person who mailed the document will be considered to have filed  
 9 the document on or before the due date if the person can show by  
 10 reasonable evidence to the department that the document was deposited  
 11 in the United States mail on or before the due date and if the person  
 12 files with the department a duplicate document within thirty (30) days  
 13 after the date the department sends notice that the document was not  
 14 received.

15 SECTION 41. IC 6-8.1-9-1, AS AMENDED BY P.L.2-2005,  
 16 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2007]: Sec. 1. (a) If a person has paid more tax than the  
 18 person determines is legally due for a particular taxable period, the  
 19 person may file a claim for a refund with the department. Except as  
 20 provided in subsections (f) and (g), in order to obtain the refund, the  
 21 person must file the claim with the department within three (3) years  
 22 after the latter of the following:

- 23 (1) The due date of the return.
- 24 (2) The date of payment.

25 For purposes of this section, the due date for a return filed for the state  
 26 gross retail or use tax, the gasoline tax, the special fuel tax, the motor  
 27 carrier fuel tax, the oil inspection fee, or the petroleum severance tax  
 28 is the end of the calendar year which contains the taxable period for  
 29 which the return is filed. The claim must set forth the amount of the  
 30 refund to which the person is entitled and the reasons that the person  
 31 is entitled to the refund.

32 (b) When the department receives a claim for refund, the  
 33 department shall consider the claim for refund and **may shall, if the**  
 34 **taxpayer requests**, hold a hearing on the claim for refund to obtain and  
 35 consider additional evidence. After considering the claim and all  
 36 evidence relevant to the claim, the department shall issue a decision on  
 37 the claim, stating the part, if any, of the refund allowed and containing  
 38 a statement of the reasons for any part of the refund that is denied. The  
 39 department shall mail a copy of the decision to the person who filed the  
 40 claim. If the department allows the full amount of the refund claim, a  
 41 warrant for the payment of the claim is sufficient notice of the decision.

42 (c) If the person disagrees with any part of the department's

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1 decision, the person may appeal the decision, regardless of whether or  
 2 not ~~he~~ **the person** protested the tax payment or whether or not the  
 3 person has accepted a refund. The person must file the appeal with the  
 4 tax court. The tax court does not have jurisdiction to hear a refund  
 5 appeal suit, if:

6 (1) the appeal is filed more than three (3) years after the date the  
 7 claim for refund was filed with the department;

8 (2) the appeal is filed more than ninety (90) days after the date the  
 9 department mails the decision of denial to the person; or

10 (3) the appeal is filed both before the decision is issued and  
 11 before the one hundred eighty-first day after the date the person  
 12 files the claim for refund with the department.

13 (d) The tax court shall hear the appeal de novo and without a jury,  
 14 and after the hearing may order or deny any part of the appealed  
 15 refund. The court may assess the court costs in any manner that it feels  
 16 is equitable. The court may enjoin the collection of any of the listed  
 17 taxes under IC 33-26-6-2. The court may also allow a refund of taxes,  
 18 interest, and penalties that have been paid to and collected by the  
 19 department.

20 (e) With respect to the motor vehicle excise tax, this section applies  
 21 only to penalties and interest paid on assessments of the motor vehicle  
 22 excise tax. Any other overpayment of the motor vehicle excise tax is  
 23 subject to IC 6-6-5.

24 (f) If a taxpayer's federal income tax liability for a taxable year is  
 25 modified by the Internal Revenue Service, and the modification would  
 26 result in a reduction of the tax legally due, the due date by which the  
 27 taxpayer must file a claim for refund with the department is the later of:

28 (1) the date determined under subsection (a); or

29 (2) the date that is six (6) months after the date on which the  
 30 taxpayer is notified of the modification by the Internal Revenue  
 31 Service.

32 (g) If an agreement to extend the assessment time period is entered  
 33 into under IC 6-8.1-5-2(f), the period during which a person may file  
 34 a claim for a refund under subsection (a) is extended to the same date  
 35 to which the assessment time period is extended.

36 SECTION 42. IC 6-8.1-10-1, AS AMENDED BY P.L.1-2006,  
 37 SECTION 147, IS AMENDED TO READ AS FOLLOWS  
 38 [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) If a person fails to file a  
 39 return for any of the listed taxes, fails to pay the full amount of tax  
 40 shown on the person's return by the due date for the return or the  
 41 payment, or incurs a deficiency upon a determination by the  
 42 department, the person is subject to interest on the nonpayment.

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(b) The interest for a failure described in subsection (a) is the adjusted rate established by the commissioner under subsection (c), from the due date for payment. The interest applies to:

- (1) the full amount of the unpaid tax due if the person failed to file the return;
- (2) the amount of the tax that is not paid, if the person filed the return but failed to pay the full amount of tax shown on the return;
- or
- (3) the amount of the deficiency.

(c) The commissioner shall establish an adjusted rate of interest for a failure described in subsection (a) and for an excess tax payment on or before November 1 of each year. For purposes of subsection (b), the adjusted rate of interest shall be the percentage rounded to the nearest whole number that equals two (2) percentage points above the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report. For purposes of IC 6-8.1-9-2(c), the adjusted rate of interest for an excess tax payment is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report. **must be the same as the adjusted rate of interest determined under this subsection for a failure described in subsection (a).** The adjusted rates of interest established under this subsection shall take effect on January 1 of the immediately succeeding year.

(d) For purposes of this section, the filing of a substantially blank or unsigned return does not constitute a return.

(e) Except as provided by IC 6-8.1-3-17(c) and IC 6-8.1-5-2, the department may not waive the interest imposed under this section.

(f) Subsections (a) through (c) do not apply to a motor carrier fuel tax return.

SECTION 43. IC 6-9-2-2, AS AMENDED BY P.L.168-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) The revenue received by the county treasurer under this chapter shall be allocated to the Lake County convention and visitor bureau, Indiana University-Northwest, Purdue University-Calumet, municipal public safety departments, municipal physical and economic development divisions, and the cities and towns in the county as provided in this section. Subsections (b) through (g) do not apply to the distribution of revenue received under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and

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other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county.

(b) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion fund (referred to in this chapter as the "promotion fund"). The county treasurer shall transfer to the Lake County convention and visitor bureau for deposit in the promotion fund ~~thirty-five~~ **thirty-six** percent (~~35%~~) (**36%**) of the first one million two hundred ~~fifty~~ thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. The promotion fund consists of:

- (1) money in the promotion fund on June 30, 2005;
- (2) revenue deposited in the promotion fund under this subsection after June 30, 2005; and
- (3) investment income earned on the promotion fund's assets.

Money in the promotion fund may be expended only to promote and encourage conventions, trade shows, special events, recreation, and visitors within the county. Money may be paid from the promotion fund by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) This subsection applies to the first one million two hundred ~~fifty~~ thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Indiana University-Northwest ~~forty-four~~ **forty-two** and ~~thirty-three~~ **seventy-seven** hundredths percent (~~44.33%~~) (**42.77%**) of the revenue received under this chapter for that year to be used as follows:

- (1) Seventy-five percent (75%) of the revenue received under this subsection may be used only for the university's medical education programs.
- (2) Twenty-five percent (25%) of the revenue received under this subsection may be used only for the university's allied health education programs.

The amount for each year shall be transferred in four (4) approximately equal quarterly installments.

(d) This subsection applies to the first one million two hundred ~~fifty~~ thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall allocate among the cities and towns throughout the county ~~nine~~ **and sixty-eight** hundredths percent (~~9%~~) (**9.68%**) of the revenue received under this chapter for that year. The amount of each city's or town's allocation is as follows:

- (1) ~~Ten~~ **Nine** percent (~~10%~~) (**9%**) of the revenue covered by this

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subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).

(2) ~~Ten~~ **Nine** percent (~~10%~~) (**9%**) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(3) ~~Ten~~ **Nine** percent (~~10%~~) (**9%**) of the revenue covered by this subsection shall be transferred to cities having a population of more than thirty-two thousand (32,000) but less than thirty-two thousand eight hundred (32,800).

(4) ~~Five percent (5%) of The~~ **remaining** revenue ~~covered by that~~ **must be allocated among the cities and towns located in the county under** this subsection shall be transferred **in equal amounts** to each town and each city not receiving a transfer under subdivisions (1) through (3).

The money transferred under this subsection may be used only for economic development projects. The county treasurer shall make the transfers on or before December 1 of each year.

(e) This subsection applies to the first one million two hundred **fifty** thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Purdue University-Calumet ~~nine~~ **eight and eighty-eight hundredths** percent (~~9%~~) (**8.88%**) of the revenue received under this chapter for that year. The money received by Purdue University-Calumet may be used by the university only for nursing education programs.

(f) This subsection applies to the first one million two hundred **fifty** thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer two and sixty-seven hundredths percent (2.67%) of the revenue received under this chapter for that year to the following cities:

(1) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).

(2) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

Money transferred under this subsection may be used only for

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1 convention facilities located within the city. In addition, the money may  
 2 be used only for facility marketing, sales, and public relations  
 3 programs. Money transferred under this subsection may not be used for  
 4 salaries, facility operating costs, or capital expenditures related to the  
 5 convention facilities. The county treasurer shall make the transfers on  
 6 or before December 1 of each year.

7 (g) This subsection applies to the revenue received from the tax  
 8 imposed under this chapter in each year that exceeds one million two  
 9 hundred **fifty** thousand dollars ~~(\$1,200,000)~~. **(\$1,250,000)**. During each  
 10 year, the county treasurer shall distribute money in the promotion fund  
 11 as follows:

12 (1) Eighty-five percent (85%) of the revenue covered by this  
 13 subsection shall be deposited in the convention, tourism, and  
 14 visitor promotion fund. The money deposited in the fund under  
 15 this subdivision may be used only for the purposes for which  
 16 other money in the fund may be used.

17 (2) Five percent (5%) of the revenue covered by this subsection  
 18 shall be transferred to Purdue University-Calumet. The money  
 19 received by Purdue University-Calumet under this subdivision  
 20 may be used by the university only for nursing education  
 21 programs.

22 (3) Five percent (5%) of the revenue covered by this subsection  
 23 shall be transferred to Indiana University-Northwest. The money  
 24 received by Indiana University-Northwest under this subdivision  
 25 may be used only for the university's medical education programs.

26 (4) Five percent (5%) of the revenue covered by this subsection  
 27 shall be transferred to Indiana University-Northwest. The money  
 28 received by Indiana University-Northwest under this subdivision  
 29 may be used only for the university's allied health education  
 30 programs.

31 (h) The county treasurer may estimate the amount that will be  
 32 received under this chapter for the year to determine the amount to be  
 33 transferred under this section.

34 (i) This subsection applies only to the distribution of revenue  
 35 received from the tax imposed under section 1 of this chapter from  
 36 hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or  
 37 accommodations built or refurbished after June 30, 1993, that are  
 38 located in the largest city of the county. During each year, the county  
 39 treasurer shall transfer:

40 (1) seventy-five percent (75%) of the revenues under this  
 41 subsection to the department of public safety; and

42 (2) twenty-five percent (25%) of the revenues under this

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subsection to the division of physical and economic development;  
of the largest city of the county.

(j) The Lake County convention and visitor bureau shall assist the county treasurer, as needed, with the calculation of the amounts that must be deposited and transferred under this section.

SECTION 44. IC 32-34-1-34, AS AMENDED BY P.L.246-2005, SECTION 217, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 34. (a) Except as provided in section 42(d) of this chapter, the treasurer of state shall, on order of the attorney general, pay the necessary costs of the following:

(1) Selling abandoned property.

(2) Mailing notices.

(3) Making publications required by this chapter.

(4) Paying other operating expenses and administrative expenses, including:

(A) salaries and wages reasonably incurred by the attorney general in the administration and enforcement of this chapter; and

(B) costs incurred in examining records of the holders of property and in collecting the property from the holders.

(b) If the balance of the principal of the abandoned property fund established by section 33 of this chapter exceeds five hundred thousand dollars (\$500,000), the treasurer of state may, and at least once each fiscal year shall, transfer to the state general fund the balance of the principal of the abandoned property fund that exceeds five hundred thousand dollars (\$500,000).

(c) If a claim is allowed or a refund is ordered under this chapter that is more than five hundred thousand dollars (\$500,000), the treasurer of state shall transfer from the state general fund sufficient money to make prompt payment of the claim. There is annually appropriated to the treasurer of state from the state general fund the amount of money sufficient to implement this subsection.

(d) Before making a deposit into the abandoned property fund, the attorney general shall record the following:

(1) The name and last known address of each person appearing from the holder's reports to be entitled to the abandoned property.

(2) The name and last known address of each insured person or annuitant.

(3) The number, the name of the corporation, and the amount due concerning any policy or contract listed in the report of a life insurance company.

(e) Except as provided in ~~subsection~~ subsections (f) and (g),

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1 earnings on the property custody fund and the abandoned property fund  
2 shall be credited to each fund.

3 (f) **This subsection applies before July 1, 2007.** On July 1 of each  
4 year, the interest balance in the property custody fund established by  
5 section 32 of this chapter and the interest balance in the abandoned  
6 property fund shall be transferred to the state general fund.

7 (g) **This subsection applies after June 30, 2007. On July 1 of**  
8 **each year, the interest balance in the property custody fund**  
9 **established by section 32 of this chapter and the interest balance in**  
10 **the abandoned property fund shall be transferred to the affordable**  
11 **housing and community development fund established by**  
12 **IC 5-20-4-7.**

13 SECTION 45. IC 36-2-7-10, AS AMENDED BY P.L.169-2006,  
14 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2007]: Sec. 10. (a) The county recorder shall tax and collect  
16 the fees prescribed by this section for recording, filing, copying, and  
17 other services the recorder renders, and shall pay them into the county  
18 treasury at the end of each calendar month. The fees prescribed and  
19 collected under this section supersede all other recording fees required  
20 by law to be charged for services rendered by the county recorder.

21 (b) The county recorder shall charge the following:

22 (1) Six dollars (\$6) for the first page and two dollars (\$2) for each  
23 additional page of any document the recorder records if the pages  
24 are not larger than eight and one-half (8 1/2) inches by fourteen  
25 (14) inches.

26 (2) Fifteen dollars (\$15) for the first page and five dollars (\$5) for  
27 each additional page of any document the recorder records, if the  
28 pages are larger than eight and one-half (8 1/2) inches by fourteen  
29 (14) inches.

30 (3) For attesting to the release, partial release, or assignment of  
31 any mortgage, judgment, lien, or oil and gas lease contained on a  
32 multiple transaction document, the fee for each transaction after  
33 the first is the amount provided in subdivision (1) plus the amount  
34 provided in subdivision (4) and one dollar (\$1) for marginal  
35 mortgage assignments or marginal mortgage releases.

36 (4) One dollar (\$1) for each cross-reference of a recorded  
37 document.

38 (5) One dollar (\$1) per page not larger than eight and one-half (8  
39 1/2) inches by fourteen (14) inches for furnishing copies of  
40 records and two dollars (\$2) per page that is larger than eight and  
41 one-half (8 1/2) inches by fourteen (14) inches.

42 (6) Five dollars (\$5) for acknowledging or certifying to a

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document.

(7) Five dollars (\$5) for each deed the recorder records, in addition to other fees for deeds, for the county surveyor's corner perpetuation fund for use as provided in IC 32-19-4-3 or IC 36-2-12-11(e).

(8) A fee in an amount authorized under IC 5-14-3-8 for transmitting a copy of a document by facsimile machine.

(9) A fee in an amount authorized by an ordinance adopted by the county legislative body for duplicating a computer tape, a computer disk, an optical disk, microfilm, or similar media. This fee may not cover making a handwritten copy or a photocopy or using xerography or a duplicating machine.

(10) A supplemental fee of three dollars (\$3) for recording a document that is paid at the time of recording. The fee under this subdivision is in addition to other fees provided by law for recording a document.

(11) Three dollars (\$3) for each mortgage on real estate recorded, in addition to other fees required by this section, distributed as follows:

(A) Fifty cents (\$0.50) is to be deposited in the recorder's record perpetuation fund.

(B) Two dollars and fifty cents (\$2.50) is to be distributed to the auditor of state on or before June 20 and December 20 of each year as provided in IC 24-9-9-3.

**(12) This subdivision applies in a county only if at least one (1) unit in the county has established an affordable housing fund under IC 5-20-5-15.5 and the county fiscal body adopts an ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:**

**(A) five dollars (\$5) for the first page; and**

**(B) one dollar (\$1) for each additional page; of each document the recorder records.**

**(13) This subdivision applies in a county containing a consolidated city that has established a housing trust fund under IC 36-7-15.1-35.5(e). The county fiscal body may adopt an ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:**

**(A) five dollars (\$5) for the first page; and**

**(B) one dollar (\$1) for each additional page; of each document the recorder records.**

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(c) The county recorder shall charge a two dollar (\$2) county identification security protection fee for recording or filing a document. This fee shall be deposited under IC 36-2-7.5-6.

(d) The county treasurer shall establish a recorder's records perpetuation fund. All revenue received under subsection (b)(5), (b)(8), (b)(9), and (b)(10), and fifty cents (\$0.50) from revenue received under subsection (b)(11), shall be deposited in this fund. The county recorder may use any money in this fund without appropriation for the preservation of records and the improvement of record keeping systems and equipment.

(e) As used in this section, "record" or "recording" includes the functions of recording, filing, and filing for record.

(f) The county recorder shall post the fees set forth in subsection (b) in a prominent place within the county recorder's office where the fee schedule will be readily accessible to the public.

(g) The county recorder may not tax or collect any fee for:

(1) recording an official bond of a public officer, a deputy, an appointee, or an employee; or

(2) performing any service under any of the following:

(A) IC 6-1.1-22-2(c).

(B) IC 8-23-7.

(C) IC 8-23-23.

(D) IC 10-17-2-3.

(E) IC 10-17-3-2.

(F) IC 12-14-13.

(G) IC 12-14-16.

(h) The state and its agencies and instrumentalities are required to pay the recording fees and charges that this section prescribes.

**(i) This subsection applies to a county other than a county containing a consolidated city. The county treasurer shall distribute money collected by the county recorder under subsection (b)(12) as follows:**

**(1) Sixty percent (60%) of the money collected by the county recorder under subsection (b)(12) shall be distributed to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund**

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1 is the population of the county outside any city or town that  
2 has established an affordable housing fund.

3 (2) Forty percent (40%) of the money collected by the county  
4 recorder under subsection (b)(12) shall be distributed to the  
5 treasurer of state for deposit in the affordable housing and  
6 community development fund established under IC 5-20-4-7  
7 for the purposes of the fund.

8 Money shall be distributed under this subsection before the  
9 sixteenth day of the month following the month in which the money  
10 is collected from the county recorder.

11 (j) This subsection applies to a county described in subsection  
12 (b)(13). The county treasurer shall distribute money collected by  
13 the county recorder under subsection (b)(13) as follows:

14 (1) Sixty percent (60%) of the money collected by the county  
15 recorder under subsection (b)(13) shall be deposited in the  
16 housing trust fund established under IC 36-7-15.1-35.5(e) for  
17 the purposes of the fund.

18 (2) Forty percent (40%) of the money collected by the county  
19 recorder under subsection (b)(13) shall be distributed to the  
20 treasurer of state for deposit in the affordable housing and  
21 community development fund established under IC 5-20-4-7  
22 for the purposes of the fund.

23 Money shall be distributed under this subsection before the  
24 sixteenth day of the month following the month in which the money  
25 is collected from the county recorder.

26 SECTION 46. IC 36-7-15.1-35.5 IS AMENDED TO READ AS  
27 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35.5. (a) The general  
28 assembly finds the following:

29 (1) Federal law permits the sale of a multiple family housing  
30 project that is or has been covered, in whole or in part, by a  
31 contract for project based assistance from the United States  
32 Department of Housing and Urban Development without  
33 requiring the continuation of that project based assistance.

34 (2) Such a sale displaces the former residents of a multiple family  
35 housing project described in subdivision (1) and increases the  
36 shortage of safe and affordable housing for persons of low and  
37 moderate income within the county.

38 (3) The displacement of families and individuals from affordable  
39 housing requires increased expenditures of public funds for crime  
40 prevention, public health and safety, fire and accident prevention,  
41 and other public services and facilities.

42 (4) The establishment of a supplemental housing program under

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1 this section will do the following:

2 (A) Benefit the health, safety, morals, and welfare of the  
3 county and the state.

4 (B) Serve to protect and increase property values in the county  
5 and the state.

6 (C) Benefit persons of low and moderate income by making  
7 affordable housing available to them.

8 (5) The establishment of a supplemental housing program under  
9 this section and sections 32 through 35 of this chapter is:

10 (A) necessary in the public interest; and

11 (B) a public use and purpose for which public money may be  
12 spent and private property may be acquired.

13 (b) In addition to its other powers with respect to a housing program  
14 under sections 32 through 35 of this chapter, the commission may  
15 establish a supplemental housing program. Except as provided by this  
16 section, the commission has the same powers and duties with respect  
17 to the supplemental housing program that the commission has under  
18 sections 32 through 35 of this chapter with respect to the housing  
19 program.

20 (c) One (1) allocation area may be established for the supplemental  
21 housing program. The commission is not required to make the findings  
22 required under section 34(5) through 34(8) of this chapter with respect  
23 to the allocation area. However, the commission must find that the  
24 property contained within the boundaries of the allocation area consists  
25 solely of one (1) or more multiple family housing projects that are or  
26 have been covered, in whole or in part, by a contract for project based  
27 assistance from the United States Department of Housing and Urban  
28 Development or have been owned at one time by a public housing  
29 agency. The allocation area need not be contiguous. The definition of  
30 "base assessed value" set forth in section 35(a) of this chapter applies  
31 to the special fund established under section 26(b) of this chapter for  
32 the allocation area.

33 (d) The special fund established under section 26(b) of this chapter  
34 for the allocation area established under this section may be used only  
35 for the following purposes:

36 (1) Subject to subdivision (2), on January 1 and July 1 of each  
37 year the balance of the special fund shall be transferred to the  
38 housing trust fund established under subsection (e).

39 (2) The commission may provide each taxpayer in the allocation  
40 area a credit for property tax replacement in the manner provided  
41 by section 35(b)(7) of this chapter. Transfers made under  
42 subdivision (1) shall be reduced by the amount necessary to

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1 provide the credit.

2 (e) The commission shall, by resolution, establish a housing trust  
3 fund to be administered, subject to the terms of the resolution, by:

4 (1) the housing division of the consolidated city; or

5 (2) the department, division, or agency that has been designated  
6 to perform the public housing function by an ordinance adopted  
7 under IC 36-7-18-1.

8 (f) The housing trust fund consists of:

9 (1) amounts transferred to the fund under subsection (d);

10 (2) payments in lieu of taxes deposited in the fund under  
11 IC 36-3-2-11;

12 (3) gifts and grants to the fund;

13 (4) investment income earned on the fund's assets; ~~and~~

14 **(5) money deposited in the fund under IC 36-2-7-10(j);**

15 **(6) money deposited in the fund under IC 5-1-14-15(d); and**

16 ~~(5) (7)~~ other funds from sources approved by the commission.

17 (g) The commission shall, by resolution, establish uses for the  
18 housing trust fund. However, the uses must be limited to:

19 (1) providing financial assistance to those individuals and  
20 families whose income is at or below eighty percent (80%) of the  
21 county's median income for individuals and families, respectively,  
22 to enable those individuals and families to purchase or lease  
23 residential units within the county;

24 (2) paying expenses of administering the fund;

25 (3) making grants, loans, and loan guarantees for the  
26 development, rehabilitation, or financing of affordable housing  
27 for individuals and families whose income is at or below eighty  
28 percent (80%) of the county's median income for individuals and  
29 families, respectively, including the elderly, persons with  
30 disabilities, and homeless individuals and families; and

31 (4) providing technical assistance to nonprofit developers of  
32 affordable housing.

33 (h) At least fifty percent (50%) of the dollars allocated for  
34 production, rehabilitation, or purchase of housing must be used for  
35 units to be occupied by individuals and families whose income is at or  
36 below fifty percent (50%) of the county's area median income for  
37 individuals and families respectively.

38 (i) The low income housing trust fund advisory committee is  
39 established. The low-income housing trust fund advisory committee  
40 consists of eleven (11) members. The membership of the low income  
41 housing trust fund advisory committee is comprised of:

42 (1) one (1) member appointed by the mayor, to represent the

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interests of low income families;

(2) one (1) member appointed by the mayor, to represent the interests of owners of subsidized, multifamily housing communities;

(3) one (1) member appointed by the mayor, to represent the interests of banks and other financial institutions;

(4) one (1) member appointed by the mayor, of the department of metropolitan development;

(5) three (3) members representing the community at large appointed by the commission, from nominations submitted to the commission as a result of a general call for nominations from neighborhood associations, community based organizations, and other social services agencies;

(6) one (1) member appointed by and representing the Coalition for Homeless Intervention and Prevention of Greater Indianapolis;

(7) one (1) member appointed by and representing the Local Initiatives Support Corporation;

(8) one (1) member appointed by and representing the Indianapolis Coalition for Neighborhood Development; and

(9) one (1) member appointed by and representing the Indianapolis Neighborhood Housing Partnership.

Members of the low income housing trust fund advisory committee serve for a term of four (4) years, and are eligible for reappointment. If a vacancy exists on the committee, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy. A committee member may be removed at any time by the appointing authority who appointed the committee member.

(j) The low income housing trust fund advisory committee shall make recommendations to the commission regarding:

(1) the development of policies and procedures for the uses of the low income housing trust fund; and

(2) long term sources of capital for the low income housing trust fund, including:

(A) revenue from:

(i) development ordinances;

(ii) fees; or

(iii) taxes;

(B) financial market based income;

(C) revenue derived from private sources; and

(D) revenue generated from grants, gifts, donations or income in any other form, from a:

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- (i) government program;
- (ii) foundation; or
- (iii) corporation.

(k) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 47. IC 6-2.5-8-10 IS REPEALED [EFFECTIVE JULY 1, 2007].

SECTION 48. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **IC 6-1.1-12.1-1, as amended by this act, applies to assessment dates occurring after February 28, 2007, for property taxes first due and payable after December 31, 2007.**

SECTION 49. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **IC 6-1.1-45-12, as amended by this act, applies to assessment dates occurring after February 28, 2007, for property taxes first due and payable after December 31, 2007.**

SECTION 50. [EFFECTIVE JANUARY 1, 2008] **IC 6-3.5-1-3, as amended by this act, applies to taxable years beginning after December 31, 2007.**

SECTION 51. [EFFECTIVE UPON PASSAGE] (a) **The definitions used in IC 6-7-1 and IC 6-7-2 apply to this SECTION.**

(b) **Not later than December 31, 2007, the department shall submit a report to the budget committee of the budget agency regarding the collection of the cigarette tax and the tobacco products tax. The report prepared under this SECTION shall be transmitted in an electronic format as provided under IC 5-14-6.**

(c) **The report must include the following:**

- (1) **The number of distributors who purchase cigarette tax stamps.**
- (2) **The amount of cigarette tax stamps purchased by distributors for state fiscal years ending June 30, 2006, and June 30, 2007.**
- (3) **The amount of tobacco products tax collected from distributors for state fiscal years ending June 30, 2006, and June 30, 2007.**
- (4) **The total amount of cigarette tax discounted to distributors for state fiscal years ending June 30, 2006, and June 30, 2007.**
- (5) **A breakdown of the amount of cigarette tax discounted to each distributor for state fiscal years ending June 30, 2006, and June 30, 2007.**
- (6) **The total number of registration certificates issued by the**

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department for state fiscal years ending June 30, 2006, and June 30, 2007.

(7) The total amount of tobacco products tax licence fees received by the department from distributors for state fiscal years ending June 30, 2006, and June 30, 2007.

(8) The total amount of tobacco products tax discounted to distributors for state fiscal years ending June 30, 2006, and June 30, 2007.

(9) A breakdown of the amount of tobacco products tax discounted to each distributor for state fiscal years ending June 30, 2006, and June 30, 2007.

(d) The department may include any other relevant information pertaining to collection of the cigarette tax and the tobacco products tax.

(e) This SECTION expires on January 1, 2008.

SECTION 52. [EFFECTIVE UPON PASSAGE] (a) The commissioner of the department of state revenue shall revise any schedule specifying the adjusted rate of interest for excess tax payments as necessary to comply with IC 6-8.1-10-1, as amended by this act. A schedule revised under this SECTION takes effect July 1, 2007.

(b) This SECTION expires December 31, 2007.

SECTION 53. [EFFECTIVE JULY 1, 2007] IC 6-7-1-17, as amended by this act, applies only to cigarette stamps purchased by distributors after June 30, 2007.

SECTION 54. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 6-3-3-12, as amended by this act, applies to taxable years beginning after December 31, 2006.

SECTION 55. [EFFECTIVE JULY 1, 2007] IC 6-3-4-4.1, as amended by this act, applies to taxable years beginning after December 15, 2007.

SECTION 56. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] (a) As used in this SECTION, "department" refers to the department of state revenue.

(b) A retail merchant that sold tangible personal property to a person that used or consumed the tangible personal property in providing public transportation under IC 6-2.5-5-27 may verify that the sale was exempt from taxation under IC 6-2.5 by using the information contained in form ST-135 for the transaction.

(c) If a retail merchant provides the department with the information from form ST-135 to verify that a sale described in subsection (b) is exempt from taxation under IC 6-2.5, the retail

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1     **merchant may request:**  
2         **(1) a refund of gross retail tax plus any penalties and interest**  
3         **paid to the department; or**  
4         **(2) that the department satisfy any outstanding gross retail**  
5         **tax liabilities, including any penalties and interest for tax**  
6         **liabilities;**  
7     **for the tangible personal property used or consumed in providing**  
8     **public transportation.**  
9     **(d) This SECTION expires December 31, 2008.**  
10    **SECTION 57. An emergency is declared for this act.**

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## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 500, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 3. IC 6-2.5-3-2, AS AMENDED BY P.L.162-2006, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

- (1) is acquired in a transaction that is an isolated or occasional sale; and
- (2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility, if, after its addition, the property becomes part of the real estate on which the structure or facility is located. However, the use tax does not apply to additions of tangible personal property described in this subsection, if:

- (1) the state gross retail or use tax has been previously imposed on the sale or use of that property; or
- (2) the ultimate purchaser or recipient of that property would have been exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility.

(d) The use tax is imposed on a person who:

- (1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and
- (2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

- (1) the property is delivered into Indiana by or for the purchaser of the property;
- (2) the property is delivered in Indiana for the sole purpose of

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being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

**(f) As used in this subsection, "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft. Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:**

**(1) the aircraft is titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;**

**(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;**

**(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to a prepurchase evaluation; and**

**(4) after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana."**

Page 4, delete lines 29 through 36, begin a new paragraph and insert:

**"(e) A transaction in which a person acquires an aircraft for rental or leasing in the ordinary course of the person's business is not exempt from the state gross retail tax unless the person establishes, under guidelines adopted by the department in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules, that the annual amount of the lease revenue derived from leasing the aircraft is equal to or greater than fifteen percent (15%) of the greater of the original cost or the book value of the aircraft."**

Page 5, between lines 23 and 24, begin a new paragraph and insert:

**"SECTION 8. IC 6-2.5-5-39, AS AMENDED BY P.L.92-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 39. (a) As used in this section, "cargo trailer" means a vehicle:**

**(1) without motive power;**

**(2) designed for carrying property;**

**(3) designed for being drawn by a motor vehicle; and**

**(4) having a gross vehicle weight rating of at least two thousand two hundred (2,200) pounds.**



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(b) As used in this section, "recreational vehicle" means a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term includes a travel trailer, a motor home, a truck camper with a floor and facilities enabling it to be used as a dwelling, and a fifth wheel trailer.

(c) A transaction involving a cargo trailer ~~or~~ a recreational vehicle ~~or an aircraft~~ is exempt from the state gross retail tax if:

- (1) the purchaser is a nonresident;
- (2) upon receiving delivery of the cargo trailer ~~or~~ recreational vehicle, ~~or aircraft~~, the person transports it within thirty (30) days to a destination outside Indiana;
- (3) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be titled or registered for use in another state or country;
- (4) the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will not be titled or registered for use in Indiana; and
- (5) ~~in the case of a transaction involving a cargo trailer or recreational vehicle~~, the cargo trailer or recreational vehicle will be titled or registered in a state or country that provides an exemption from sales, use, or similar taxes imposed on a cargo trailer or recreational vehicle that is purchased in that state or country by an Indiana resident and will be titled or registered in Indiana.

A transaction involving a cargo trailer or recreational vehicle that does not meet the requirements of subdivision (5) is not exempt from the state gross retail tax.

(d) A purchaser must claim an exemption under this section by submitting to the retail merchant an affidavit stating the purchaser's intent to:

- (1) transport the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ to a destination outside Indiana within thirty (30) days after delivery; and
- (2) title or register the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ for use in another state or country.

The department shall prescribe the form of the affidavit, which must include an affirmation by the purchaser under the penalties for perjury that the information contained in the affidavit is true. The affidavit must identify the state or country in which the cargo trailer ~~or~~ recreational vehicle ~~or aircraft~~ will be titled or registered.

(e) The department shall provide the information necessary to determine a purchaser's eligibility for an exemption claimed under this section to retail merchants in the business of selling cargo trailers or recreational vehicles.

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SECTION 9. IC 6-2.5-5-42 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 42. (a) A transaction involving an aircraft is exempt from the state gross retail tax if:**

- (1) the purchaser is a nonresident;**
- (2) the purchaser transports the aircraft to a destination outside Indiana within thirty (30) days after:**
  - (A) accepting delivery of the aircraft; or**
  - (B) a repair, refurbishment, or remanufacture of the aircraft is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft;**
- (3) the aircraft will be:**
  - (A) titled or registered in another state or country; or**
  - (B) if a state or country does not require a title or registration for aircraft, based (as defined in IC 6-6-6.5-1(m)) in that state or country; and**
- (4) the aircraft will not be titled or registered in Indiana.**

**(b) A purchaser must claim an exemption under subsection (a) by submitting to the seller an affidavit affirming the elements required by subsection (a). In addition, the affidavit must identify the state or country in which the aircraft will be titled, registered, or based.**

**(c) Within sixty (60) days after:**

- (1) a purchaser who claims an exemption under this section accepts delivery of the aircraft; or**
- (2) a repair, refurbishment, or remanufacture of the aircraft subject to an exemption under this section is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft;**

**the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana. If the state or country in which the aircraft is based does not require the aircraft to be titled or registered, the purchaser shall provide the seller with a copy of the aircraft registration application for the aircraft as filed with the Federal Aviation Administration.**

**(d) The department shall prescribe the form of the affidavit required by subsection (b).**

SECTION 10. IC 6-2.5-5-43 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

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1, 2007]: Sec. 43. (a) As used in this section, "qualified football championship event" means the National Football League championship football game, referred to as the Super Bowl.

(b) Transactions involving tangible personal property or services are exempt from the state gross retail tax if the following conditions are satisfied:

(1) Either:

(A) the National Football League acquires the property or service to facilitate the holding of a qualified football championship event; or

(B) a professional football team participating in a qualified football championship event acquires the property or service to facilitate the team's participation.

(2) Before acquiring the property or service, the National Football League or professional football team applies for and receives from the department a state gross retail tax exemption certificate under this section. The department shall specify the period for which a state gross retail tax exemption certificate issued under this section is valid."

Page 12, between lines 27 and 28, begin a new paragraph and insert:  
"SECTION 14. IC 6-3-3-12, AS ADDED BY P.L.192-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 12. (a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.

(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

~~(a)~~ (c) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(d) As used in this section, "non-qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.

(e) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.

(f) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:

(1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months

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after the account is opened;

(2) as a result of the death or disability of an account beneficiary;

(3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship; or

(4) by a college choice 529 education savings plan as the result of a transfer of funds by a college choice 529 education savings plan from one (1) third party custodian to another.

(b) (g) As used in this section, "taxpayer" means:

(1) an individual filing a single return; or

(2) a married couple filing a joint return.

(c) (h) A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

(1) Twenty percent (20%) of the **excess of:**

(A) ~~the amount of each contribution~~ **total contributions** made by the taxpayer to a college choice 529 education savings plan during the taxable year; **over**

(B) **the total amount of non-qualified withdrawals during the taxable year that were made from the account or accounts of a college choice 529 education savings plan to which the taxpayer has made contributions.**

(2) One thousand dollars (\$1,000).

(3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(d) (i) A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

(e) (j) A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

(f) (k) To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

(l) **A taxpayer who claimed a credit provided by this section in any prior taxable year must repay a part of the credit in a taxable year in which any non-qualified withdrawal is made from a college**

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choice 529 education savings plan to which the taxpayer contributed. The amount the taxpayer must repay is equal to the lesser of:

- (1) twenty percent (20%) of the excess of:
  - (A) the total amount of non-qualified withdrawals made during the taxable year from the account or accounts of a college choice 529 education savings plan to which the taxpayer has made contributions; over
  - (B) the total amount of contributions made by the taxpayer to a college choice 529 education savings plan during the taxable year; or
- (2) the excess of:
  - (A) the cumulative amount of all credits provided by this section that were claimed by a taxpayer for all prior taxable years beginning on or after January 1, 2007; over
  - (B) the cumulative amount of repayments paid by the taxpayer under this subsection for all prior taxable years beginning on or after January 1, 2007.

(m) Any required repayment under subsection (l) shall be reported by the taxpayer on the taxpayer's annual state income tax return for the taxable year in which the non-qualified withdrawal is made.

(n) The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to taxpayers for each taxable year with respect to:

- (1) withdrawals or distributions made from a college choice 529 education savings plan for the taxable year; or
- (2) account closings for the taxable year."

Page 17, between lines 21 and 22, begin a new paragraph and insert:  
 "SECTION 21. IC 6-6-6.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. As used in this chapter, unless the context clearly indicates otherwise:

- (a) "Aircraft" means a device which is designed to provide air transportation for one (1) or more individuals or for cargo.
- (b) "State" means the state of Indiana.
- (c) "Department" refers to the department of state revenue.
- (d) "Person" includes an individual, a partnership, a firm, a corporation, a limited liability company, an association, a trust, or an estate, or a legal representative of such.
- (e) "Owner" means a person who holds or is required to obtain a certificate of registration from the Federal Aviation Administration for

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a specific aircraft. In the event an aircraft is the subject of an agreement for the conditional sale or lease with the right of purchase upon the performance of the conditions stated in the agreement and with an immediate right of possession of the aircraft vested in the conditional vendee or lessee, or in the event the mortgagor of an aircraft is entitled to possession, then the conditional vendee or lessee or mortgagor shall be deemed to be the owner for purposes of this chapter.

(f) "Dealer" means a person who has an established place of business in this state, is required to obtain a certificate under IC 6-2.5-8-1 or IC 6-2.5-8-3 and is engaged in the business of manufacturing, buying, selling, or exchanging new or used aircraft.

(g) "Maximum landing weight" means the maximum weight of the aircraft, accessories, fuel, pilot, passengers, and cargo that is permitted on landing under the best conditions, as determined for an aircraft by the appropriate federal agency or the certified allowable gross weight published by the manufacturer of the aircraft.

(h) "Resident" means an individual or a fiduciary who resides or is domiciled within Indiana or any corporation or business association which maintains a fixed and established place of business within Indiana for a period of more than sixty (60) days in any one (1) year.

(i) "Taxable aircraft" means an aircraft required to be registered with the department by this chapter.

(j) "Regular annual registration date" means the last day of February of each year.

(k) "Taxing district" means a geographic area within which property is taxed by the same taxing units and at the same total rate.

(l) "Taxing unit" means an entity which has the power to impose ad valorem property taxes.

(m) "Base" means the location or place where the aircraft is normally hangared, tied down, housed, parked, or kept, when not in use.

(n) "Homebuilt aircraft" means an aircraft constructed primarily by an individual for personal use. The term homebuilt aircraft does not include an aircraft constructed primarily by a for-profit aircraft manufacturing business.

(o) "Pressurized aircraft" means an aircraft equipped with a system designed to control the atmospheric pressure in the crew or passenger cabins.

(p) "Establishing a base" means renting or leasing a hangar or tie down for a particular aircraft for at least thirty-one (31) days.

(q) "Inventory aircraft" means an aircraft held for resale by a registered Indiana dealer.

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**(r) "Repair station" means a person who holds a repair station certificate that was issued to the person by the Federal Aviation Administration under 14 CFR Part 145.**

SECTION 22. IC 6-6-6.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Except as otherwise provided in this chapter, any resident of this state who owns an aircraft shall register the aircraft with the department not later than thirty-one (31) days after the purchase date.

(b) Except as otherwise provided in this chapter, any nonresident who bases an aircraft in this state for more than sixty (60) days shall register the aircraft with the department under this chapter not later than sixty (60) days after establishing a base in Indiana.

(c) Except as otherwise provided in this chapter, an Indiana resident who owns a homebuilt aircraft shall register the aircraft with the department not later than thirty-one (31) days after the date the Federal Aviation Administration has issued the certificate of registration and air worthiness certificate for the aircraft.

(d) Notwithstanding subsection (b), if a nonresident bases an aircraft in Indiana with a dealer **or repair station** solely for repairing, remodeling, or refurbishing the aircraft, neither the nonresident nor the dealer **or repair station** is required to register the aircraft with the department under this chapter. However, the dealer **or repair station** shall file a report with the department the month after the end of each calendar quarter. The report must list only:

(1) the ~~dealer's~~ name and address ~~and of the dealer or repair station~~;

(2) either:

(A) the dealer's certification number; or

(B) the repair station's certificate number; and

(3) the N number of each aircraft that was based in this state for more than sixty (60) days during the preceding quarter."

Page 21, after line 23, begin a new paragraph and insert:

"SECTION 29. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 6-3-3-12, as amended by this act, applies to taxable years beginning after December 31, 2006.

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SECTION 30. **An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 500 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 8, Nays 2.

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SENATE MOTION

Madam President: I move that Senator Dillon be added as second author of Senate Bill 500.

KENLEY

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SENATE MOTION

Madam President: I move that Senate Bill 500 be amended to read as follows:

Page 4, between lines 26 and 27, begin a new paragraph and insert:

"SECTION 4. IC 6-2.5-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A person who acquires tangible personal property from a retail merchant for delivery in Indiana is presumed to have acquired the property for storage, use, or consumption in Indiana. **However, unless** the person or the retail merchant can produce evidence to rebut that presumption.

(b) A retail merchant is not required to produce evidence of nontaxability under subsection (a) if the retail merchant receives from the person who acquired the property an exemption certificate which certifies, in the form prescribed by the department, that the acquisition is exempt from the use tax.

**(c) A retail merchant that sells tangible personal property to a person that purchases the tangible personal property for use or consumption in providing public transportation under IC 6-2.5-5-27 may verify the exemption by obtaining the person's:**

- (1) name;**
- (2) address; and**
- (3) motor carrier number, United States Department of**



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**Transportation number, or any other identifying number authorized by the department.**

**The person engaged in public transportation shall provide a signature to affirm under penalties of perjury that the information provided to the retail merchant is correct and that the tangible personal property is being purchased for an exempt purpose."**

Page 29, between lines 38 and 39, begin a new paragraph and insert:  
**"SECTION 31. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] (a) As used in this SECTION, "department" refers to the department of state revenue.**

**(b) A retail merchant that sold tangible personal property to a person that used or consumed the tangible personal property in providing public transportation under IC 6-2.5-5-27 may verify that the sale was exempt from taxation under IC 6-2.5 by using the information contained in form ST-135 for the transaction.**

**(c) If a retail merchant provides the department with the information from form ST-135 to verify that a sale described in subsection (b) is exempt from taxation under IC 6-2.5, the retail merchant may request:**

- (1) a refund of gross retail tax plus any penalties and interest paid to the department; or**
- (2) that the department satisfy any outstanding gross retail tax liabilities, including any penalties and interest for tax liabilities;**

**for the tangible personal property used or consumed in providing public transportation.**

**(d) This SECTION expires December 31, 2008."**

Renumber all SECTIONS consecutively.

(Reference is to SB 500 as printed January 30, 2007.)

KENLEY

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#### SENATE MOTION

Madam President: I move that Senate Bill 500 be amended to read as follows:

Page 26, between lines 19 and 20, begin a new paragraph and insert:  
**"SECTION 24. IC 6-8.1-3-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. The department may not**

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(1) include the amount of revenue collected or tax liability assessed in the evaluation of an employee. ~~or~~  
 (2) ~~impose or suggest production quotas or goals for employees based on the number of cases closed:~~".

Page 29, line 31, delete "THE FOLLOWING ARE" and insert "IC 6-2.5-8-10 IS".

Page 29, line 32, delete ": IC 6-2.5-8-10; IC 6-8.1-3-2.5; IC 6-8.1-3-2.6." and insert ".".

Renumber all SECTIONS consecutively.

(Reference is to SB 500 as printed January 30, 2007.)

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SENATE MOTION

Madam President: I move that Senate Bill 500 be amended to read as follows:

Replace the effective date in SECTION 16 with "[EFFECTIVE DECEMBER 16, 2007]".

Page 20, line 9, after "on the" insert "**lesser of the**".

Page 20, strike line 11.

Page 20, line 12, strike "income tax liability for such taxable year." and insert "**the amount calculated in subdivision (1) or the difference between the actual amount paid by the corporation on the estimated return and the amount calculated in subdivision (2).**".

Page 29, between lines 38 and 39, begin a new paragraph and insert: "**SECTION 30. [EFFECTIVE JULY 1, 2007] IC 6-3-4-4.1, as amended by this act, applies to taxable years beginning after December 15, 2007.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 500 as printed January 30, 2007.)

KENLEY

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SENATE MOTION

Madam President: I move that Senate Bill 500 be amended to read as follows:

Page 12, line 12, after "fiscal" insert "**year**".

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Page 16, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 14. IC 6-3-3-12, AS ADDED BY P.L.192-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 12. (a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.

(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

(c) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.

~~(a)~~ (d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(e) As used in this section, "non-qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.

(f) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.

(g) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:

(1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;

(2) as a result of the death or disability of an account beneficiary;

(3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship; or

(4) by a college choice 529 education savings plan as the result of a transfer of funds by a college choice 529 education savings plan from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or transfer of assets from a college choice 529 education savings plan to any other qualified tuition program under Section 529 of the Internal Revenue Code that is not a college choice 529 education savings plan.

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~~(b)~~ **(h)** As used in this section, "taxpayer" means:

- (1) an individual filing a single return; or
- (2) a married couple filing a joint return.

~~(c)~~ **(i)** A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

- (1) Twenty percent (20%) of the amount of ~~each contribution~~ **the total contributions** made by the taxpayer to **an account or accounts of** a college choice 529 education savings plan during the taxable year.
- (2) One thousand dollars (\$1,000).
- (3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

~~(d)~~ **(j)** A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

~~(e)~~ **(k)** A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

~~(f)~~ **(l)** To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

**(m) An account owner of an account of a college choice 529 education savings plan must repay all or a part of the credit in a taxable year in which any non-qualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:**

- (1) twenty percent (20%) of the total amount of non-qualified withdrawals made during the taxable year from the account;**
- or**

- (2) the excess of:**

- (A) the cumulative amount of all credits provided by this section that were claimed by any taxpayer with respect to the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over**
- (B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.**

**(n) Any required repayment under subsection (m) shall be reported by the account owner on the account owner's annual state**

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income tax return for any taxable year in which a non-qualified withdrawal is made.

(o) The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:

- (1) non-qualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or
- (2) account closings for the taxable year."

Delete page 17.

Page 18, delete lines 1 through 38.

Renumber all SECTIONS consecutively.

(Reference is to SB 500 as printed January 30, 2007.)

KENLEY

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#### SENATE MOTION

Madam President: I move that Senate Bill 500 be amended to read as follows:

Page 29, strike lines 17 through 18.

Page 29, line 19, strike "year, excluding pension fund investments, as".

Page 29, line 20, delete "determined by the" and insert "**must be the same as the adjusted rate of interest determined under this subsection for a failure described in subsection (a).**".

Page 29, delete line 21.

Page 29, line 22, delete "to the commissioner."

Page 29, between lines 32 and 33, begin a new paragraph and insert: "SECTION 28. [EFFECTIVE UPON PASSAGE] **(a) The commissioner of the department of state revenue shall revise any schedule specifying the adjusted rate of interest for excess tax payments as necessary to comply with IC 6-8.1-10-1, as amended by this act. A schedule revised under this SECTION takes effect July 1, 2007.**

**(b) This SECTION expires December 31, 2007."**

Renumber all SECTIONS consecutively.

(Reference is to SB 500 as printed January 30, 2007.)

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## SENATE MOTION

Madam President: I move that Senate Bill 500 be amended to read as follows:

Page 12, line 3, delete "Thirty-two hundredths" and insert "**Six-tenths**".

Page 12, line 3, delete "(0.32%)," and insert "**(0.6%),**".

Page 12, line 10, delete "Thirteen-hundredths" and insert "**Three-tenths**".

Page 12, line 10, delete "(0.13%)," and insert "**(0.3%),**".

(Reference is to SB 500 as printed January 30, 2007.)

KENLEY

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 COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 500, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning economic matters.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-1-14-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 15. (a) The fiscal body of a county may adopt an ordinance to require:**

**(1) any political subdivision in the county that is identified in the ordinance; or**

**(2) any entity:**

**(A) affiliated with; or**

**(B) controlled by;**

**any political subdivision that is identified in the ordinance and issues the types of obligations that are identified in the ordinance;**

**to recover, after the effective date of the ordinance, on the obligation issued by the political subdivision or entity an amount that may not exceed five-tenths of one percent (0.5%) of the amount of the obligation issued.**

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(b) An amount recovered under an ordinance adopted under subsection (a) is considered a cost of issuance.

(c) In the case of a county that does not contain a consolidated city, sixty percent (60%) of the amounts recovered under this section in the county shall be distributed to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the appropriate fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.

(d) In the case of a county that contains a consolidated city, sixty percent (60%) of the amounts recovered under this section in the county shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.

(e) In any county, forty percent (40%) of the amounts recovered under this section in the county shall be transferred to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.

SECTION 2. IC 5-13-12-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The secretary-investment manager shall administer, manage, and direct the affairs and activities of the board under the policies and under the control and direction of the board. In carrying out these duties, the secretary-investment manager has the power to do the following:

(1) Approve all accounts for salaries and allowable expenses of the board, including, but not limited to:

(A) the employment of general or special attorneys, consultants, and employees and agents as may be necessary to assist the secretary-investment manager in carrying out the duties of that office and to assist the board in its consideration of applications for a guarantee of an industrial development obligation or credit enhancement obligation guarantee; and

(B) the setting of compensation of persons employed under ~~subdivision clause~~ (A).

(2) Approve all expenses incidental to the operation of the public deposit insurance fund.

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(3) Perform other duties and functions that may be delegated to the secretary-investment manager by the board or that are necessary to carry out the duties of the secretary-investment manager under this chapter.

(b) The secretary-investment manager shall keep a record of the proceedings of the board, and shall maintain and be custodian of all books, documents, and papers filed with the board, and its official seal. The secretary-investment manager may make copies of all minutes and other records and documents of the board, and may give certificates under seal of the board to the effect that the copies are true copies. All persons dealing with the board may rely upon the certificates.

(c) Each year, beginning in 2001, ~~and ending in 2011~~, after the treasurer of state prepares the annual report required by IC 4-8.1-2-14, the secretary-investment manager shall determine:

(1) the amount of interest earned by the public deposit insurance fund during the state fiscal year ending on the preceding June 30, after deducting:

(A) all expenses and other costs of the board for depositories that were not paid from other sources during that state fiscal year; and

(B) all expenses and other costs associated with the Indiana education savings authority that were not paid from other sources during that state fiscal year; and

(2) the amount of interest earned during the state fiscal year ending on the preceding June 30 by the pension distribution fund established by subsection ~~(g)~~ (i).

(d) On or before November 1 of each year, beginning in 2001 and ending in 2011, the public employees' retirement fund shall provide a report to the secretary-investment manager concerning the individual and aggregate payments made by all units of local government (as defined in IC 5-10.3-11-3) during the preceding calendar year for benefits under the police and firefighter pension funds established by IC 36-8-6, IC 36-8-7, and IC 36-8-7.5.

(e) On or before the last business day of November of each year, beginning in 2001 and ending in 2011, the secretary-investment manager shall compute the amount of earned interest to be distributed under this section to each unit of local government (as defined in IC 5-10.3-11-3) in accordance with subsection ~~(h)~~ (j) according to the following formula:

STEP ONE: Add the amount determined under subsection (c)(1) to the amount determined under subsection (c)(2).

STEP TWO: Divide the STEP ONE sum by the aggregate amount

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of payments made by all units of local government during the preceding calendar year for benefits under the police and firefighter pension funds established by IC 36-8-6, IC 36-8-7, and IC 36-8-7.5, as reported under subsection (d).

STEP THREE: Multiply the STEP TWO quotient by the amount of payments made by each unit of local government during the preceding calendar year for benefits under the police and firefighter pension funds established by IC 36-8-6, IC 36-8-7, and IC 36-8-7.5, as reported under subsection (d).

**(f) On or before the last business day of November of each year, beginning in 2012, the secretary-investment manager shall compute the amount of earned interest to be distributed under this section to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 in an amount equal to the amount determined under subsection (c)(1).**

~~(f)~~ **(g)** Subject to subsection ~~(j)~~; **(l)**, on or before the last business day of December of each year, beginning in 2001 and ending in 2011, the secretary-investment manager shall provide to the auditor of state:

- (1) a report setting forth the amounts to be distributed to units of local government, as determined under subsection (e); and
- (2) a check payable from the public deposit insurance fund to the pension distribution fund established by subsection ~~(g)~~ **(i)** in an amount equal to the amount determined under subsection (c)(1).

**(h) Subject to subsection (l), on or before the last business day of December of each year, beginning in 2012, the secretary-investment manager shall provide to the auditor of state a report setting forth the amounts to be distributed to the affordable housing and community development fund, as determined under subsection (f).**

~~(g)~~ **(i)** The pension distribution fund is established. The pension distribution fund shall be administered by the treasurer of state. The treasurer of state shall invest money in the pension distribution fund not currently needed to meet the obligations of the pension distribution fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the pension distribution fund. Money in the pension distribution fund at the end of a state fiscal year does not revert to the state general fund.

~~(h)~~ **(j)** Subject to subsection ~~(j)~~; **(l)**, on June 30 and October 1 of each year, beginning in 2002 and ending in 2012, the auditor of state shall distribute in two (2) equal installments from the pension distribution fund to the fiscal officer of each unit of local government

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identified under subsection (d) the amount computed for that unit under subsection (e) in November of the preceding year.

(i) **(k)** Each unit of local government shall deposit distributions received under subsection ~~(h)~~ **(j)** in the pension fund or funds identified by the secretary-investment manager and shall use those distributions to pay a portion of the obligations with respect to the pension fund or funds.

~~(j)~~ **(l)** Before providing a check to the auditor of state under subsection ~~(f)(2)~~ **(g)(2)** in December of any year, **year ending before January 1, 2012, or reporting a distribution under subsection (h) in December of any year beginning after December 31, 2011,** the secretary-investment manager shall determine:

(1) the total amount of payments made from the public deposit insurance fund under IC 5-13-13-3 after June 30, ~~2001~~, **2001, in the case of a determination made under this subsection for a year ending before January 1, 2012, or after June 30, 2012, in the case of a determination made under this subsection for a year beginning after December 31, 2011;**

(2) the total amount of payments received by the board for depositories and deposited in the public deposit insurance fund under IC 5-13-13-3 after June 30, ~~2001~~, **2001, in the case of a determination made under this subsection for a year ending before January 1, 2012, or after June 30, 2012, in the case of a determination made under this subsection for a year beginning after December 31, 2011;** and

(3) the total amount of interest earned by the public deposit insurance fund after the first of the payments described in subdivision (1).

If the total amount of payments determined under subdivision (1) less the total amount of payments determined under subdivision (2) (referred to in this subsection as the "net draw on the fund") exceeds ten million dollars (\$10,000,000) and also exceeds the total amount of interest determined under subdivision (3), the secretary-investment manager may not provide a check to the auditor of state under subsection ~~(f)(2)~~ **(g)(2) or make a distribution under subsection (h), as the case may be,** and a distribution may not be made from the pension distribution fund under subsection ~~(h)~~ **(j)** in the following calendar year until the total amount of interest earned by the public deposit insurance fund equals the net draw on the fund. A check may not be provided under subsection ~~(f)(2)~~ **(g)(2)** and a distribution may not be made under subsection ~~(f)~~ **(g) or (h)** in any subsequent calendar year if a study conducted by the board under section 7(b) of this

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chapter demonstrates that payment of the distribution would reduce the balance of the public deposit insurance fund to a level insufficient to ensure the safekeeping and prompt payment of public funds to the extent they are not covered by insurance of any federal deposit insurance agency.

SECTION 3. IC 5-20-4-7, AS AMENDED BY P.L.1-2006, SECTION 114, AND AS AMENDED BY P.L.181-2006, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) There is established the *affordable housing ~~trust~~ and community development* fund. The fund shall be administered by the *Indiana housing and community development* authority under the direction of the *Indiana housing and community development* authority's board.

(b) The fund consists of the following resources:

- (1) Appropriations from the general assembly.
- (2) Gifts, *and grants, to the fund: and donations of any tangible or intangible property from public or private sources.*
- (3) Investment income earned on the fund's assets.
- (4) Repayments of loans from the fund.
- (5) Funds borrowed from the board for depositories insurance fund (IC 5-13-12-7).
- (6) Money deposited in the fund under IC 36-2-7-10.**
- (7) Money deposited in the fund under IC 5-1-14-15.**
- (8) Money deposited in the fund under IC 5-13-12-4.**
- (9) Money deposited in the fund under IC 6-2.5-10-1(a).**
- (10) Money transferred to the fund under IC 32-34-1-34(g).**

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money remaining in the fund at the end of a fiscal year does not revert to the state general fund.

(e) Interest earned on the fund may be used by the *Indiana housing and community development* authority to pay expenses incurred in the administration of the fund.

SECTION 4. IC 5-20-5-15.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15.5. (a) The governing body of an eligible entity that receives a grant under this chapter shall, by resolution, establish an affordable housing fund to be administered, subject to the terms of the resolution, by a department, a division, or an agency designated by the governing body.

(b) The affordable housing fund consists of:

- (1) payments in lieu of taxes deposited in the fund under

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IC 36-1-8-14.2;

(2) gifts and grants to the fund;

(3) investment income earned on the fund's assets; ~~and~~

**(4) money deposited in the fund under IC 36-2-7-10;**

**(5) money deposited in the fund under IC 5-1-14-15(c); and**

~~(4)~~ **(6) other funds from sources approved by the commission.**

(c) The governing body shall, by resolution, establish uses for the affordable housing fund. However, the uses must be limited to:

(1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;

(2) paying expenses of administering the fund;

(3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and

(4) providing technical assistance to nonprofit developers of affordable housing.

(d) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested."

Page 2, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 6. IC 5-28-15-5, AS ADDED BY P.L.214-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The board has the following powers, in addition to other powers that are contained in this chapter:

(1) To review and approve or reject all applicants for enterprise zone designation, according to the criteria for designation that this chapter provides.

(2) To waive or modify rules as provided in this chapter.

(3) To provide a procedure by which enterprise zones may be monitored and evaluated on an annual basis.

(4) To adopt rules for the disqualification of a zone business from eligibility for any or all incentives available to zone businesses, if that zone business does not do one (1) of the following:

(A) If all its incentives, as contained in the summary required under section 7 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the board in an

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amount equal to one percent (1%) of all its incentives.

(B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the zone.

(C) Remain open and operating as a zone business for twelve (12) months of the assessment year for which the incentive is claimed.

(5) To disqualify a zone business from eligibility for any or all incentives available to zone businesses in accordance with the procedures set forth in the board's rules.

(6) After a recommendation from a U.E.A., to modify an enterprise zone boundary if the board determines that the modification:

(A) is in the best interests of the zone; and

(B) meets the threshold criteria and factors set forth in section 9 of this chapter.

(7) To employ staff and contract for services.

(8) To receive funds from any source and expend the funds for the administration and promotion of the enterprise zone program.

(9) To make determinations under IC 6-3.1-11 concerning the designation of locations as industrial recovery sites and the availability of the credit provided by IC 6-1.1-20.7 to persons owning inventory located on an industrial recovery site.

(10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11 concerning the disqualification of persons from claiming credits provided by those chapters in appropriate cases.

(11) To make determinations under IC 6-3.1-11.5 concerning the designation of locations as military base recovery sites and the availability of the credit provided by IC 6-3.1-11.5 to persons making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4)(A), each zone business that receives an incentive described in section 3 of this chapter shall assist the zone U.E.A. in an amount determined by the legislative body of the municipality in which the zone is located. If a zone business does not assist a U.E.A., the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and

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the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is adopted.

**(c) The legislative body of the municipality in which a zone is located may adopt an ordinance requiring each zone business that receives an incentive described in section 3 of this chapter to provide assistance to a nonprofit corporation that:**

- (1) served the zone as a U.E.A. before incorporating as a nonprofit corporation; and**
- (2) continues to operate after the expiration of the zone as permitted under section 14(b)(3) of this chapter.**

**With the approval of the legislative body, a nonprofit corporation receiving assistance under this subsection may assign any amount of the assistance to another nonprofit corporation.**

SECTION 7. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 1. For purposes of this chapter:

- (1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

- (A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and
- (B) a residentially distressed area, except as otherwise provided in this chapter.

- (2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

- (3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

- (A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after

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February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~for use as described in clause (B); and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~

(ii) **in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(D) ~~has~~ never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

(A) on unimproved real estate; or

(B) on real estate upon which a prior existing structure is demolished to allow for a new construction.

(6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.

(7) "Designating body" means the following:

(A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.

(B) For a county containing a consolidated city, the metropolitan development commission.

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(8) "Deduction application" means:

(A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter;

(B) the application filed in accordance with section 5.4 of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter; or

(C) the application filed in accordance with section 5.3 of this chapter by a property owner that desires to obtain the deduction provided by section 4.8 of this chapter.

(9) "Designation application" means an application that is filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.

(10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).

(11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.

(12) "New research and development equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2000, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) laboratory equipment;
- (ii) research and development equipment;
- (iii) computers and computer software;
- (iv) telecommunications equipment; or
- (v) testing equipment;

(C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;

(D) the deduction applicant acquires **for purposes described in this subdivision:**

- (i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~for purposes described in this subdivision; and if the tangible personal property has~~

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**been previously used in Indiana before the installation described in clause (A); or**

**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;
- (iv) conveyors;
- (v) fork lifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

**(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~and uses for the storage or distribution of goods, services, or information;~~ and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); and**

**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(D) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

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(14) "New information technology equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

- (i) information processing;
- (ii) office automation;
- (iii) telecommunication facilities and networks;
- (iv) informatics;
- (v) network administration;
- (vi) software development; and
- (vii) fiber optics;

(C) the deduction applicant acquires in an arms length transaction from an entity that is not an affiliate of the deduction applicant; and

(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:

(A) is zoned for commercial or industrial purposes; and

(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

SECTION 8. IC 6-1.1-36-12, AS AMENDED BY P.L.154-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) A board of county commissioners, a county assessor, or an elected township assessor may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the

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parcel or the assessment under the return have been finalized. The contract may require the contractor to:

- (1) examine and verify the accuracy of personal property returns filed by taxpayers with a township assessor of a township in the county **or with the county assessor**; and
- (2) compare a return with the books **and records** of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer.

**(b) The actions of a contractor under subsection (a)(1) or (a)(2) must be limited in scope to the three (3) assessment years ending before January 1 of the calendar year in which the taxpayer receives notice of the contractor's actions. Notice provided under this section must be in writing and must list each year for which returns and other records may be reviewed under subsection (a). For purposes of this subsection, notice is considered to have been received by the taxpayer as of the date of the notice.**

**(c) IC 6-1.1-9-3 does not apply to a contractor's actions under subsection (a).**

~~(b)~~ **(d)** This subsection applies if funds are not appropriated for payment of services performed under a contract described in subsection (a). The county auditor may create a special nonreverting fund in which the county treasurer shall deposit the amount of taxes, including penalties and interest, that result from additional assessments on undervalued or omitted property collected from all taxing jurisdictions in the county after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property. The fund remains in existence during the term of the contract. Distributions shall be made from the fund without appropriation only for the following purposes **and in the following order**:

(1) **First, for** all contract fees and other costs related to the contract.

**(2) Second, for deposit in the county's reassessment fund. The amount deposited in the county's reassessment fund under this subdivision may not exceed twenty percent (20%) of the remaining money collected as a result of a contract entered into under this section.**

~~(2)~~ **(e)** After the payments required by ~~subdivision (1)~~ **subsection (d)** have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution.

**(f) If the money in the fund established under subsection (d) is**

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**insufficient to pay the fees and costs related to a contract described in subsection (a), the county may pay the remaining fees and costs from the county's reassessment fund.**

~~(e)~~ **(g)** A board of county commissioners, a county assessor, or an elected township assessor may not contract for services under subsection (a) on a percentage basis.

**(h) The department shall adopt rules under IC 4-22-2 to govern the certification of persons who wish to obtain a contract under this section.**

**(i) IC 6-1.1-9-10 applies to this section.**

SECTION 9. IC 6-1.1-45-9, AS AMENDED BY P.L.154-2006, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) Subject to subsection (c), a taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

- (1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus
- (2) the total amount of the base year assessed value for the enterprise zone location.

(b) To receive the deduction allowed under subsection (a) for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

(c) A taxpayer that makes a qualified investment in an enterprise zone established under IC 5-28-15-11 that is under the jurisdiction of a military base reuse authority board created under IC 36-7-14.5 or IC 36-7-30-3 is entitled to a deduction under this section only if the deduction is approved by the military base reuse authority board.

**(d) Except as provided in subsection (c), a taxpayer that makes a qualified investment at an enterprise zone location that is located within an allocation area, as defined by IC 12-19-1.5-1, is entitled to a deduction under this section only if the deduction is approved by the governing body of the allocation area.**

SECTION 10. IC 6-1.1-45-10, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the

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assessment date. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. **Except as provided in subsections (c) and (d),** the application must be filed before May ~~10~~ **15** of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the deduction provided under this chapter.

**(c) The county auditor may grant a taxpayer an extension of not more than thirty (30) days to file the taxpayer's application if:**

- (1) the taxpayer submits a written application for an extension before May 15 of the assessment year; and**
- (2) the taxpayer is prevented from filing a timely application because of sickness, absence from the county, or any other good and sufficient reason.**

**(d) An urban enterprise association created under IC 5-28-15-13 may by resolution waive failure to file a:**

- (1) timely; or**
- (2) complete;**

**deduction application under this section. Before adopting a waiver under this section, the urban enterprise association shall conduct a public hearing on the waiver.**

SECTION 11. IC 6-1.1-45-12, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2007 (RETROACTIVE)]: Sec. 12. **(a) Subject to subsection (b), a taxpayer may claim a deduction under this chapter for property other than property located in a consolidated city for an assessment date that occurs after the expiration of the enterprise zone in which the enterprise zone property for which the taxpayer made the qualified investment is located.**

**(b) A taxpayer may not claim a deduction under this chapter for more than ten (10) years."**

Page 5, delete lines 37 through 42.

Page 6, delete lines 1 through 34.

Page 9, delete lines 29 through 42.

Page 10, delete lines 1 through 7.

Page 12, delete lines 10 through 40, begin a new paragraph and insert:

"SECTION 15. IC 6-2.5-6-9, AS AMENDED BY P.L.162-2006, SECTION 23, AND AS AMENDED BY P.L.184-2006, SECTION 2, IS CORRECTED AND AMENDED TO READ AS FOLLOWS



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[EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9. (a) In determining the amount of state gross retail and use taxes which a retail merchant must remit under section 7 of this chapter, the retail merchant shall, subject to subsections (c) and (d), deduct from the retail merchant's gross retail income from retail transactions made during a particular reporting period, an amount equal to the retail merchant's receivables which:

- (1) resulted from retail transactions in which the retail merchant did not collect the state gross retail or use tax from the purchaser;
- (2) resulted from retail transactions on which the retail merchant has previously paid the state gross retail or use tax liability to the department; and
- (3) were written off as an uncollectible debt for federal tax purposes under Section 166 of the Internal Revenue Code during the particular reporting period.

(b) If a retail merchant deducts a receivable under subsection (a) and subsequently collects all or part of that receivable, then the retail merchant shall, subject to subsection (d)(6), include the amount collected as part of the retail merchant's gross retail income from retail transactions for the particular reporting period in which the retail merchant makes the collection.

(c) This subsection applies only to retail transactions occurring after *December 31, 2006. ~~June 30, 2007.~~* As used in this subsection, "affiliated group" means any combination of the following:

- (1) An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code (except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%)). ~~or~~

**(2) A relationship described in Section 267(b)(11) of the Internal Revenue Code.**

~~(2)~~ **(3)** Two (2) or more partnerships (as defined in IC 6-3-1-19), including limited liability companies and limited liability partnerships, that have the same degree of mutual ownership as an affiliated group described in subdivision (1), as determined under the rules adopted by the department.

**(4) A controlled corporate group (as defined in Section 267(f) of the Internal Revenue Code).**

The right to a deduction under this section is not assignable to an individual or entity that is not part of the same affiliated group as the assignor.

(d) The following provisions apply to a deduction for a receivable

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treated as uncollectible debt under subsection (a):

- (1) The deduction does not include interest.
- (2) The amount of the deduction shall be determined in the manner provided by Section 166 of the Internal Revenue Code for bad debts but shall be adjusted to:

(A) exclude:

- ~~(A)~~ (i) financing charges or interest;
- ~~(B)~~ (ii) sales or use taxes charged on the purchase price;
- ~~(C)~~ (iii) uncollectible amounts on property that remain in the possession of the seller until the full purchase price is paid;
- ~~(D)~~ (iv) expenses incurred in attempting to collect any debt; and
- ~~(E)~~ (v) repossessed property; and

**(B) include amounts previously deducted for federal income tax purposes under Section 165 of the Internal Revenue Code by a retail merchant or a member of a retail merchant's affiliated group (as defined in subsection (c)) and not previously allowed as a deduction under this section.**

- (3) The deduction shall be claimed on the return for the period during which the receivable is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. For purposes of this subdivision, a claimant who is not required to file federal income tax returns may deduct an uncollectible receivable on a return filed for the period in which the receivable is written off as uncollectible in the claimant's books and records and would be eligible for a bad debt deduction for federal income tax purposes if the claimant were required to file a federal income tax return.

- (4) If the amount of uncollectible receivables claimed as a deduction by a retail merchant for a particular reporting period exceeds the amount of the retail merchant's taxable sales for that reporting period, the retail merchant may file a refund claim under IC 6-8.1-9. However, the deadline for the refund claim shall be measured from the due date of the return for the reporting period on which the deduction for the uncollectible receivables could first be claimed.

- (5) If a retail merchant's filing responsibilities have been assumed by a certified service provider (as defined in IC 6-2.5-11-2), the certified service provider may claim, on behalf of the retail merchant, any deduction or refund for uncollectible receivables provided by this section. The certified service provider must

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credit or refund the full amount of any deduction or refund received to the retail merchant.

(6) For purposes of reporting a payment received on a previously claimed uncollectible receivable, any payments made on a debt or account shall be applied first proportionally to the taxable price of the property and the state gross retail tax or use tax thereon, and secondly to interest, service charges, and any other charges.

(7) A retail merchant claiming a deduction for an uncollectible receivable may allocate that receivable among the states that are members of the streamlined sales and use tax agreement if the books and records of the retail merchant support that allocation.

SECTION 16. IC 6-2.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals ~~eighty-three hundredths percent (0.83%)~~ **a percentage** of the retail merchant's state gross retail and use tax liability accrued during a reporting period, **specified as follows:**

**(1) Eighty-three hundredths percent (0.83%), until the retail merchant's state gross retail and use tax liability accrued during the calendar year of the reporting period reaches seven hundred fifty thousand dollars (\$750,000).**

**(2) Thirteen-hundredths percent (0.13%) after the retail merchant's state gross retail and use tax liability accrued during the calendar year of the reporting period exceeds seven hundred fifty thousand dollars (\$750,000).**

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section.

SECTION 17. IC 6-2.5-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects. **For each periodic remittance collected from a retail merchant under IC 6-2.5-6-1, the department shall calculate an amount equal to the difference between:**

**(1) an amount equal to:**

**(A) the retail merchant's state gross retail and use tax liability for the reporting period, before applying the allowance permitted under IC 6-2.5-6-10; multiplied by**

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- (B) eighty-three hundredths percent (0.83%); minus  
 (2) an amount equal to:  
 (A) the retail merchant's state gross retail and use tax liability for the reporting period, before applying the allowance permitted under IC 6-2.5-6-10; multiplied by  
 (B) the percentage allowance to which the retail merchant is entitled under IC 6-2.5-6-10 for the particular reporting period.

From the amount remitted by the retail merchant under IC 6-2.5-6-1 for the reporting period, the department shall, before making the deposits required under subsection (b), deposit an amount equal to the amount determined under this subsection in the affordable housing and community development fund established by IC 5-20-4-7.

(b) After making any deposit in the affordable housing and community development fund required under subsection (a), the department shall deposit ~~those collections~~ the state gross retail and use taxes collected in the following manner:

- (1) Fifty percent (50%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.
- (2) Forty-nine and one hundred ninety-two thousandths percent (49.192%) of the collections shall be paid into the state general fund.
- (3) Six hundred thirty-five thousandths of one percent (0.635%) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.
- (4) Thirty-three thousandths of one percent (0.033%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.
- (5) Fourteen-hundredths of one percent (0.14%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 17. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

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(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code ~~for taxable years beginning after December 31, 1996~~ *(as effective January 1, 2004)*; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

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(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under

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subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed

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or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

*(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.*

**(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34 of this chapter).**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana

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law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.
- (7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).
- (8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article

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by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September

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11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

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STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 18. IC 6-3-1-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 34. (a) Except as provided in subsection (b), "captive real estate investment trust" means a corporation, a trust, or an association:**

- (1) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code;**
- (2) that is not regularly traded on an established securities market; and**
- (3) in which more than fifty percent (50%) of the:**
  - (A) voting power;**
  - (B) beneficial interests; or**
  - (C) shares;**

**are owned or controlled, directly or constructively, by a single entity that is subject to Subchapter C of Chapter 1 of the Internal Revenue Code.**

**(b) The term does not include a corporation, a trust, or an association in which more than fifty percent (50%) of the entity's voting power, beneficial interests, or shares are owned by a single entity described in subsection (a)(3) that is owned or controlled, directly or constructively, by:**

- (1) a corporation, a trust, or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code;**
- (2) a person exempt from taxation under Section 501 of the Internal Revenue Code; or**
- (3) a real estate investment trust that:**
  - (A) is intended to become regularly traded on an established securities market; and**
  - (B) satisfies the requirements of Section 856(a)(5) and Section 856(a)(6) of the Internal Revenue Code under Section 856(h) of the Internal Revenue Code.**

**(c) For purposes of this section, the constructive ownership rules of Section 318 of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply to the determination of the ownership of stock, assets, or net profits of any person."**

Page 19, delete lines 28 through 42.

Delete page 20.

Page 21, delete lines 1 through 17, begin a new paragraph and

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insert:

"SECTION 17. IC 6-3-4-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 16, 2007]: Sec. 4.1. (a) This section applies to taxable years beginning after December 31, 1993.

(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(c) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars (\$400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to **the lesser of:**

- (1) twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year; **or**
- (2) **the annualized income installment calculated in the manner provided by Section 6655(e) of the Internal Revenue Code as applied to the corporation's liability for adjusted gross income tax.**

A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

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(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

- (1) ~~twenty percent (20%) of the final tax liability for such taxable year;~~ **the annualized income installment calculated under subsection (d);** or
- (2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed one thousand dollars (\$1,000) for its taxable year.

(g) If the department determines that a corporation's:

- (1) estimated quarterly adjusted gross income tax liability for the current year; or
- (2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds ~~before January 1, 1998, twenty thousand dollars (\$20,000); and, after December 31, 1997, ten five thousand dollars (\$10,000); (\$5,000),~~ after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return."

Page 26, line 27, delete "and five hundred twenty-three thousandths"

Page 26, line 28, delete "(2.523%)" and insert "**(2%)**".

Page 27, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 25. IC 6-7-1-28.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall

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be deposited in the following manner:

- (1) Six and six-tenths percent (6.6%) of the money shall be deposited in a fund to be known as the cigarette tax fund.
- (2) Ninety-four hundredths percent (0.94%) of the money shall be deposited in a fund to be known as the mental health centers fund.
- (3) Eighty-three and ~~ninety-seven hundredths~~ **four hundred forty-seven thousandths** percent (~~83.97%~~) **(83.447%)** of the money shall be deposited in the state general fund.
- (4) Eight and forty-nine hundredths percent (8.49%) of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.
- (5) Five hundred twenty-three thousandths percent (0.523%) of the money shall be transferred as follows:**

**(A) Sixty percent (60%) of money shall be distributed to the county treasurer of each county that has at least one unit that has established an affordable housing fund under IC 5-20-5-15.5 or a housing trust fund under IC 36-7-15.1-35.5(e) according to the ratio the population of each adopting county bears to the total population of the adopting counties. A county treasurer shall allocate money received under this clause as follows:**

**(i) In the case of a county that does not contain a consolidated city, to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the appropriate fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.**

**(ii) In the case of a county that contains a consolidated city, amounts recovered under this clause shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.**

**(B) Forty percent (40%) of money shall be transferred to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.**

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The money in the cigarette tax fund, the mental health centers fund, ~~or~~ the pension relief fund, **a local affordable housing fund, a housing trust fund established under IC 36-7-15.1-35.5(e), and the affordable housing and community development fund established under IC 5-20-4-7**, at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference.

SECTION 26. IC 6-8-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 12. Eligible Event; Exemption from Taxation**

**Sec. 1. As used in this chapter, "eligible entity" means the following:**

- (1) A not-for-profit trade association under Section 501(c)(6) of the Internal Revenue Code known as the National Football League.
- (2) Any corporation, partnership, limited liability company, or other entity owned or controlled by the entity described in subdivision (1).
- (3) Any member club of the entity described in subdivision (1).
- (4) Any not-for-profit charitable organization affiliated with the entity described in subdivision (1).

**Sec. 2. As used in this chapter, "eligible event" means an event known as the Super Bowl that is conducted by the entity described in section 1(1) of this chapter.**

**Sec. 3. All property owned by an eligible entity, revenues of an eligible entity, and expenditures and transactions of an eligible entity:**

- (1) in connection with an eligible event; and
- (2) resulting from holding an eligible event in Indiana or making preparatory advance visits to Indiana in connection with an eligible event;

**are exempt from taxation in Indiana for all purposes.**

**Sec. 4. The excise tax under IC 6-9-13 does not apply to an eligible event.**

**Sec. 5. The general assembly finds that this chapter has been enacted as a requirement to host an eligible event in Indiana and that an eligible event would not be held in Indiana without the**

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exemptions provided in this chapter. Notwithstanding the exemptions provided in this chapter, an eligible event held in Indiana would generate significant economic impact for the state and additional revenues from the taxes affected by this chapter. Therefore, the exemptions from taxation provided in this chapter will not reduce or adversely affect the levy and collection of taxes pledged to the payment of bonds, notes, leases, or subleases, payable from such taxes."

Page 30, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 29. IC 6-9-2-2, AS AMENDED BY P.L.168-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) The revenue received by the county treasurer under this chapter shall be allocated to the Lake County convention and visitor bureau, Indiana University-Northwest, Purdue University-Calumet, municipal public safety departments, municipal physical and economic development divisions, and the cities and towns in the county as provided in this section. Subsections (b) through (g) do not apply to the distribution of revenue received under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county.

(b) The Lake County convention and visitor bureau shall establish a convention, tourism, and visitor promotion fund (referred to in this chapter as the "promotion fund"). The county treasurer shall transfer to the Lake County convention and visitor bureau for deposit in the promotion fund ~~thirty-five~~ **thirty-six** percent (~~35%~~) (**36%**) of the first one million two hundred ~~fifty~~ thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. The promotion fund consists of:

- (1) money in the promotion fund on June 30, 2005;
- (2) revenue deposited in the promotion fund under this subsection after June 30, 2005; and
- (3) investment income earned on the promotion fund's assets.

Money in the promotion fund may be expended only to promote and encourage conventions, trade shows, special events, recreation, and visitors within the county. Money may be paid from the promotion fund by claim in the same manner as municipalities may pay claims under IC 5-11-10-1.6.

(c) This subsection applies to the first one million two hundred ~~fifty~~ thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Indiana University-Northwest

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~~forty-four~~ **forty-two** and ~~thirty-three~~ **seventy-seven** hundredths percent (~~44.33%~~) (**42.77%**) of the revenue received under this chapter for that year to be used as follows:

- (1) Seventy-five percent (75%) of the revenue received under this subsection may be used only for the university's medical education programs.
- (2) Twenty-five percent (25%) of the revenue received under this subsection may be used only for the university's allied health education programs.

The amount for each year shall be transferred in four (4) approximately equal quarterly installments.

(d) This subsection applies to the first one million two hundred **fifty** thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall allocate among the cities and towns throughout the county nine **and sixty-eight hundredths** percent (~~9%~~) (**9.68%**) of the revenue received under this chapter for that year. The amount of each city's or town's allocation is as follows:

- (1) ~~Ten Nine~~ percent (~~10%~~) (**9%**) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).
- (2) ~~Ten Nine~~ percent (~~10%~~) (**9%**) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).
- (3) ~~Ten Nine~~ percent (~~10%~~) (**9%**) of the revenue covered by this subsection shall be transferred to cities having a population of more than thirty-two thousand (32,000) but less than thirty-two thousand eight hundred (32,800).
- (4) ~~Five percent (5%) of~~ The **remaining** revenue ~~covered by that~~ **must be allocated among the cities and towns located in the county under** this subsection shall be transferred **in equal amounts** to each town and each city not receiving a transfer under subdivisions (1) through (3).

The money transferred under this subsection may be used only for economic development projects. The county treasurer shall make the transfers on or before December 1 of each year.

(e) This subsection applies to the first one million two hundred **fifty** thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer to Purdue University-Calumet ~~nine eight~~

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**and eighty-eight hundredths percent (~~9%~~) (8.88%)** of the revenue received under this chapter for that year. The money received by Purdue University-Calumet may be used by the university only for nursing education programs.

(f) This subsection applies to the first one million two hundred **fifty** thousand dollars (~~\$1,200,000~~) (**\$1,250,000**) of revenue received from the tax imposed under this chapter in each year. During each year, the county treasurer shall transfer two and sixty-seven hundredths percent (2.67%) of the revenue received under this chapter for that year to the following cities:

- (1) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000).
- (2) Fifty percent (50%) of the revenue covered by this subsection shall be transferred to cities having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

Money transferred under this subsection may be used only for convention facilities located within the city. In addition, the money may be used only for facility marketing, sales, and public relations programs. Money transferred under this subsection may not be used for salaries, facility operating costs, or capital expenditures related to the convention facilities. The county treasurer shall make the transfers on or before December 1 of each year.

(g) This subsection applies to the revenue received from the tax imposed under this chapter in each year that exceeds one million two hundred **fifty** thousand dollars (~~\$1,200,000~~) (**\$1,250,000**). During each year, the county treasurer shall distribute money in the promotion fund as follows:

- (1) Eighty-five percent (85%) of the revenue covered by this subsection shall be deposited in the convention, tourism, and visitor promotion fund. The money deposited in the fund under this subdivision may be used only for the purposes for which other money in the fund may be used.
- (2) Five percent (5%) of the revenue covered by this subsection shall be transferred to Purdue University-Calumet. The money received by Purdue University-Calumet under this subdivision may be used by the university only for nursing education programs.
- (3) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money

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received by Indiana University-Northwest under this subdivision may be used only for the university's medical education programs.

(4) Five percent (5%) of the revenue covered by this subsection shall be transferred to Indiana University-Northwest. The money received by Indiana University-Northwest under this subdivision may be used only for the university's allied health education programs.

(h) The county treasurer may estimate the amount that will be received under this chapter for the year to determine the amount to be transferred under this section.

(i) This subsection applies only to the distribution of revenue received from the tax imposed under section 1 of this chapter from hotels, motels, inns, tourist camps, tourist cabins, and other lodgings or accommodations built or refurbished after June 30, 1993, that are located in the largest city of the county. During each year, the county treasurer shall transfer:

(1) seventy-five percent (75%) of the revenues under this subsection to the department of public safety; and

(2) twenty-five percent (25%) of the revenues under this subsection to the division of physical and economic development; of the largest city of the county.

(j) The Lake County convention and visitor bureau shall assist the county treasurer, as needed, with the calculation of the amounts that must be deposited and transferred under this section.

SECTION 30. IC 32-34-1-34, AS AMENDED BY P.L.246-2005, SECTION 217, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 34. (a) Except as provided in section 42(d) of this chapter, the treasurer of state shall, on order of the attorney general, pay the necessary costs of the following:

(1) Selling abandoned property.

(2) Mailing notices.

(3) Making publications required by this chapter.

(4) Paying other operating expenses and administrative expenses, including:

(A) salaries and wages reasonably incurred by the attorney general in the administration and enforcement of this chapter; and

(B) costs incurred in examining records of the holders of property and in collecting the property from the holders.

(b) If the balance of the principal of the abandoned property fund established by section 33 of this chapter exceeds five hundred thousand dollars (\$500,000), the treasurer of state may, and at least once each

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fiscal year shall, transfer to the state general fund the balance of the principal of the abandoned property fund that exceeds five hundred thousand dollars (\$500,000).

(c) If a claim is allowed or a refund is ordered under this chapter that is more than five hundred thousand dollars (\$500,000), the treasurer of state shall transfer from the state general fund sufficient money to make prompt payment of the claim. There is annually appropriated to the treasurer of state from the state general fund the amount of money sufficient to implement this subsection.

(d) Before making a deposit into the abandoned property fund, the attorney general shall record the following:

- (1) The name and last known address of each person appearing from the holder's reports to be entitled to the abandoned property.
- (2) The name and last known address of each insured person or annuitant.
- (3) The number, the name of the corporation, and the amount due concerning any policy or contract listed in the report of a life insurance company.

(e) Except as provided in ~~subsection~~ **subsections (f) and (g)**, earnings on the property custody fund and the abandoned property fund shall be credited to each fund.

(f) **This subsection applies before July 1, 2007.** On July 1 of each year, the interest balance in the property custody fund established by section 32 of this chapter and the interest balance in the abandoned property fund shall be transferred to the state general fund.

(g) **This subsection applies after June 30, 2007. On July 1 of each year, the interest balance in the property custody fund established by section 32 of this chapter and the interest balance in the abandoned property fund shall be transferred to the affordable housing and community development fund established by IC 5-20-4-7.**

SECTION 31. IC 36-2-7-10, AS AMENDED BY P.L.169-2006, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The county recorder shall tax and collect the fees prescribed by this section for recording, filing, copying, and other services the recorder renders, and shall pay them into the county treasury at the end of each calendar month. The fees prescribed and collected under this section supersede all other recording fees required by law to be charged for services rendered by the county recorder.

(b) The county recorder shall charge the following:

- (1) Six dollars (\$6) for the first page and two dollars (\$2) for each additional page of any document the recorder records if the pages

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are not larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(2) Fifteen dollars (\$15) for the first page and five dollars (\$5) for each additional page of any document the recorder records, if the pages are larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(3) For attesting to the release, partial release, or assignment of any mortgage, judgment, lien, or oil and gas lease contained on a multiple transaction document, the fee for each transaction after the first is the amount provided in subdivision (1) plus the amount provided in subdivision (4) and one dollar (\$1) for marginal mortgage assignments or marginal mortgage releases.

(4) One dollar (\$1) for each cross-reference of a recorded document.

(5) One dollar (\$1) per page not larger than eight and one-half (8 1/2) inches by fourteen (14) inches for furnishing copies of records and two dollars (\$2) per page that is larger than eight and one-half (8 1/2) inches by fourteen (14) inches.

(6) Five dollars (\$5) for acknowledging or certifying to a document.

(7) Five dollars (\$5) for each deed the recorder records, in addition to other fees for deeds, for the county surveyor's corner perpetuation fund for use as provided in IC 32-19-4-3 or IC 36-2-12-11(e).

(8) A fee in an amount authorized under IC 5-14-3-8 for transmitting a copy of a document by facsimile machine.

(9) A fee in an amount authorized by an ordinance adopted by the county legislative body for duplicating a computer tape, a computer disk, an optical disk, microfilm, or similar media. This fee may not cover making a handwritten copy or a photocopy or using xerography or a duplicating machine.

(10) A supplemental fee of three dollars (\$3) for recording a document that is paid at the time of recording. The fee under this subdivision is in addition to other fees provided by law for recording a document.

(11) Three dollars (\$3) for each mortgage on real estate recorded, in addition to other fees required by this section, distributed as follows:

(A) Fifty cents (\$0.50) is to be deposited in the recorder's record perpetuation fund.

(B) Two dollars and fifty cents (\$2.50) is to be distributed to the auditor of state on or before June 20 and December 20 of

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each year as provided in IC 24-9-9-3.

**(12) This subdivision applies in a county only if at least one (1) unit in the county has established an affordable housing fund under IC 5-20-5-15.5 and the county fiscal body adopts an ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:**

**(A) five dollars (\$5) for the first page; and**

**(B) one dollar (\$1) for each additional page;  
of each document the recorder records.**

**(13) This subdivision applies in a county containing a consolidated city that has established a housing trust fund under IC 36-7-15.1-35.5(e). The county fiscal body may adopt an ordinance authorizing the fee described in this subdivision. An ordinance adopted under this subdivision may authorize the county recorder to charge a fee of:**

**(A) five dollars (\$5) for the first page; and**

**(B) one dollar (\$1) for each additional page;  
of each document the recorder records.**

(c) The county recorder shall charge a two dollar (\$2) county identification security protection fee for recording or filing a document. This fee shall be deposited under IC 36-2-7.5-6.

(d) The county treasurer shall establish a recorder's records perpetuation fund. All revenue received under subsection (b)(5), (b)(8), (b)(9), and (b)(10), and fifty cents (\$0.50) from revenue received under subsection (b)(11), shall be deposited in this fund. The county recorder may use any money in this fund without appropriation for the preservation of records and the improvement of record keeping systems and equipment.

(e) As used in this section, "record" or "recording" includes the functions of recording, filing, and filing for record.

(f) The county recorder shall post the fees set forth in subsection (b) in a prominent place within the county recorder's office where the fee schedule will be readily accessible to the public.

(g) The county recorder may not tax or collect any fee for:

(1) recording an official bond of a public officer, a deputy, an appointee, or an employee; or

(2) performing any service under any of the following:

(A) IC 6-1.1-22-2(c).

(B) IC 8-23-7.

(C) IC 8-23-23.

(D) IC 10-17-2-3.

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(E) IC 10-17-3-2.

(F) IC 12-14-13.

(G) IC 12-14-16.

(h) The state and its agencies and instrumentalities are required to pay the recording fees and charges that this section prescribes.

**(i) This subsection applies to a county other than a county containing a consolidated city. The county treasurer shall distribute money collected by the county recorder under subsection (b)(12) as follows:**

**(1) Sixty percent (60%) of the money collected by the county recorder under subsection (b)(12) shall be distributed to the units in the county that have established an affordable housing fund under IC 5-20-5-15.5 for deposit in the fund. The amount to be distributed to a unit is the amount available for distribution multiplied by a fraction. The numerator of the fraction is the population of the unit. The denominator of the fraction is the population of all units in the county that have established an affordable housing fund. The population to be used for a county that establishes an affordable housing fund is the population of the county outside any city or town that has established an affordable housing fund.**

**(2) Forty percent (40%) of the money collected by the county recorder under subsection (b)(12) shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.**

**Money shall be distributed under this subsection before the sixteenth day of the month following the month in which the money is collected from the county recorder.**

**(j) This subsection applies to a county described in subsection (b)(13). The county treasurer shall distribute money collected by the county recorder under subsection (b)(13) as follows:**

**(1) Sixty percent (60%) of the money collected by the county recorder under subsection (b)(13) shall be deposited in the housing trust fund established under IC 36-7-15.1-35.5(e) for the purposes of the fund.**

**(2) Forty percent (40%) of the money collected by the county recorder under subsection (b)(13) shall be distributed to the treasurer of state for deposit in the affordable housing and community development fund established under IC 5-20-4-7 for the purposes of the fund.**

**Money shall be distributed under this subsection before the**

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**sixteenth day of the month following the month in which the money is collected from the county recorder.**

SECTION 32. IC 36-7-15.1-35.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35.5. (a) The general assembly finds the following:

(1) Federal law permits the sale of a multiple family housing project that is or has been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development without requiring the continuation of that project based assistance.

(2) Such a sale displaces the former residents of a multiple family housing project described in subdivision (1) and increases the shortage of safe and affordable housing for persons of low and moderate income within the county.

(3) The displacement of families and individuals from affordable housing requires increased expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.

(4) The establishment of a supplemental housing program under this section will do the following:

(A) Benefit the health, safety, morals, and welfare of the county and the state.

(B) Serve to protect and increase property values in the county and the state.

(C) Benefit persons of low and moderate income by making affordable housing available to them.

(5) The establishment of a supplemental housing program under this section and sections 32 through 35 of this chapter is:

(A) necessary in the public interest; and

(B) a public use and purpose for which public money may be spent and private property may be acquired.

(b) In addition to its other powers with respect to a housing program under sections 32 through 35 of this chapter, the commission may establish a supplemental housing program. Except as provided by this section, the commission has the same powers and duties with respect to the supplemental housing program that the commission has under sections 32 through 35 of this chapter with respect to the housing program.

(c) One (1) allocation area may be established for the supplemental housing program. The commission is not required to make the findings required under section 34(5) through 34(8) of this chapter with respect to the allocation area. However, the commission must find that the

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property contained within the boundaries of the allocation area consists solely of one (1) or more multiple family housing projects that are or have been covered, in whole or in part, by a contract for project based assistance from the United States Department of Housing and Urban Development or have been owned at one time by a public housing agency. The allocation area need not be contiguous. The definition of "base assessed value" set forth in section 35(a) of this chapter applies to the special fund established under section 26(b) of this chapter for the allocation area.

(d) The special fund established under section 26(b) of this chapter for the allocation area established under this section may be used only for the following purposes:

(1) Subject to subdivision (2), on January 1 and July 1 of each year the balance of the special fund shall be transferred to the housing trust fund established under subsection (e).

(2) The commission may provide each taxpayer in the allocation area a credit for property tax replacement in the manner provided by section 35(b)(7) of this chapter. Transfers made under subdivision (1) shall be reduced by the amount necessary to provide the credit.

(e) The commission shall, by resolution, establish a housing trust fund to be administered, subject to the terms of the resolution, by:

(1) the housing division of the consolidated city; or

(2) the department, division, or agency that has been designated to perform the public housing function by an ordinance adopted under IC 36-7-18-1.

(f) The housing trust fund consists of:

(1) amounts transferred to the fund under subsection (d);

(2) payments in lieu of taxes deposited in the fund under IC 36-3-2-11;

(3) gifts and grants to the fund;

(4) investment income earned on the fund's assets; and

**(5) money deposited in the fund under IC 36-2-7-10(j);**

**(6) money deposited in the fund under IC 5-1-14-15(d); and**

~~(5)~~ **(7) other funds from sources approved by the commission.**

(g) The commission shall, by resolution, establish uses for the housing trust fund. However, the uses must be limited to:

(1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;

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- (2) paying expenses of administering the fund;
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and
- (4) providing technical assistance to nonprofit developers of affordable housing.

(h) At least fifty percent (50%) of the dollars allocated for production, rehabilitation, or purchase of housing must be used for units to be occupied by individuals and families whose income is at or below fifty percent (50%) of the county's area median income for individuals and families respectively.

(i) The low income housing trust fund advisory committee is established. The low-income housing trust fund advisory committee consists of eleven (11) members. The membership of the low income housing trust fund advisory committee is comprised of:

- (1) one (1) member appointed by the mayor, to represent the interests of low income families;
- (2) one (1) member appointed by the mayor, to represent the interests of owners of subsidized, multifamily housing communities;
- (3) one (1) member appointed by the mayor, to represent the interests of banks and other financial institutions;
- (4) one (1) member appointed by the mayor, of the department of metropolitan development;
- (5) three (3) members representing the community at large appointed by the commission, from nominations submitted to the commission as a result of a general call for nominations from neighborhood associations, community based organizations, and other social services agencies;
- (6) one (1) member appointed by and representing the Coalition for Homeless Intervention and Prevention of Greater Indianapolis;
- (7) one (1) member appointed by and representing the Local Initiatives Support Corporation;
- (8) one (1) member appointed by and representing the Indianapolis Coalition for Neighborhood Development; and
- (9) one (1) member appointed by and representing the Indianapolis Neighborhood Housing Partnership.

Members of the low income housing trust fund advisory committee serve for a term of four (4) years, and are eligible for reappointment. If

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a vacancy exists on the committee, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy. A committee member may be removed at any time by the appointing authority who appointed the committee member.

(j) The low income housing trust fund advisory committee shall make recommendations to the commission regarding:

- (1) the development of policies and procedures for the uses of the low income housing trust fund; and
- (2) long term sources of capital for the low income housing trust fund, including:

(A) revenue from:

- (i) development ordinances;
- (ii) fees; or
- (iii) taxes;

(B) financial market based income;

(C) revenue derived from private sources; and

(D) revenue generated from grants, gifts, donations or income in any other form, from a:

- (i) government program;
- (ii) foundation; or
- (iii) corporation.

(k) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested."

Page 30, between lines 23 and 24, begin a new paragraph and insert:  
**"SECTION 34. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 6-1.1-12.1-1, as amended by this act, applies to assessment dates occurring after February 28, 2007, for property taxes first due and payable after December 31, 2007.**

**SECTION 35. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 6-1.1-45-12, as amended by this act, applies to assessment dates occurring after February 28, 2007, for property taxes first due and payable after December 31, 2007.**

**SECTION 36. [EFFECTIVE JANUARY 1, 2008] IC 6-3.5-1-3, as amended by this act, applies to taxable years beginning after December 31, 2007.**

**SECTION 37 [EFFECTIVE UPON PASSAGE] (a) The definitions used in IC 6-7-1 and IC 6-7-2 apply to this SECTION.**

**(b) Not later than December 31, 2007, the department shall submit a report to the budget committee of the budget agency regarding the collection of the cigarette tax and the tobacco**

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products tax. The report prepared under this SECTION shall be transmitted in an electronic format as provided under IC 5-14-6.

(c) The report must include the following:

- (1) The number of distributors who purchase cigarette tax stamps.
- (2) The amount of cigarette tax stamps purchased by distributors for state fiscal years ending June 30, 2006, and June 30, 2007.
- (3) The amount of tobacco products tax collected from distributors for state fiscal years ending June 30, 2006, and June 30, 2007.
- (4) The total amount of cigarette tax discounted to distributors for state fiscal years ending June 30, 2006, and June 30, 2007.
- (5) A breakdown of the amount of cigarette tax discounted to each distributor for state fiscal years ending June 30, 2006, and June 30, 2007.
- (6) The total number of registration certificates issued by the department for state fiscal years ending June 30, 2006, and June 30, 2007.
- (7) The total amount of tobacco products tax licence fees received by the department from distributors for state fiscal years ending June 30, 2006, and June 30, 2007.
- (8) The total amount of tobacco products tax discounted to distributors for state fiscal years ending June 30, 2006, and June 30, 2007.
- (9) A breakdown of the amount of tobacco products tax discounted to each distributor for state fiscal years ending June 30, 2006, and June 30, 2007.

(d) The department may include any other relevant information pertaining to collection of the cigarette tax and the tobacco products tax.

(e) This SECTION expires on January 1, 2008."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 500 as reprinted February 20, 2007.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 5.

ES 500—LS 7696/DI 113+



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